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Recovery's Downside: It's Harder to Cut Costs As Business Gets Better in Europe, Workers Resist the Idea of Sacrifice

By Brandon Mitchener

FRANKFURT — Ah, the good old days of recession.

No sooner had Germany begun to pull out of a slump that some experts consider the worst in its postwar history, than some people started getting nostalgic about the falling orders, shortened shifts and plunging profits of the recent past.

Apparently, things are looking up so fast for Germany that many a worker's motivation to keep making sacrifices for restructuring-addicted employers is quickly wearing thin.

"We notice it everywhere we go," said Wilfried Sihn, a director of the Stuttgart-based consultancy Fraunhofer Institute for Production Technology and Automation.

"When people are worried about their jobs they are willing to change, but when things look like they are going well, they'd rather leaving everything as it is."

While most German companies insist that their current drive to cut costs and become more competitive has only just begun, managers from Munich to Münster are worried that Mr. Sihn could be right.

The phenomenon he described applies to businesses all over Europe, where bulging order books and rising consumer confidence signal that happy days are near again.

France reported Monday that seasonally adjusted unemployment had fallen for the first time in four years. Switzerland expects 1.5 percent to 1.7 percent economic growth this year. The Organization for Economic Cooperation and Development expects the average growth rate among its 25 member countries, most of which are in Europe, to reach 3 percent in 1995.

In Germany, one of the last European markets to enter recession, the recovery has arrived with a particular vengeance.

German chemical companies expect double-digit growth in pretax earnings after several years of watching them decline.

• Volkswagen AG, which forced employees to take a 20-percent pay cut and four-day workweek in exchange for job security, last week reinstated a five-day workweek at one of its German plants.

• Bayerische Motoren Werke AG, where manufacturing plants are operating at full capacity, reported a 14 percent surge in group net profit and a 7.4 percent increase in sales for the first half of the year.

While Germany's domestic consumption remains sluggish, export-oriented manufacturing is booming. The Economics Ministry said Tuesday that seasonally adjusted West German industrial production expanded 1 percent from May to June and was 3.2 percent greater than a year earlier. Wholesale sales, meanwhile, rose 1.1 percent in the month and were unchanged with respect to a year earlier.

Overall, German companies are operating at their highest capacity in two years and finding it hard to accommodate a flood of incoming orders.

A lot of companies' surging profits, according to Gert Schmidt, a senior economist at Deutsche Industriebank AG, can be attributed to a global re-engineering currently under way. "The upshot of the restructuring is that cost-cutting and the economic resurgence are producing enormous productivity growth" as fewer workers produce more, he said.

A spokesman for Fiat SpA in Turin said automakers throughout Europe, despite signs of a return to profitability, will have to continue cutting fat in order to compete in increasingly global markets. "Our restructuring carries on," he said. "It's not something we're going to see RECOVERY, Page 4



A Sarajevo man ducking behind French soldiers Tuesday, trying to avoid being caught in the open by Serbian snipers.

Accept Plan, Bosnian Serbs Are Warned By Belgrade

Serbia Says It Will Cut Support if Partition Proposal Is Rejected

By John Pomfret

SARAJEVO, Bosnia-Herzegovina — President Slobodan Milosevic threatened Tuesday to cut ties with the self-proclaimed Bosnian Serbian Republic if it continued to reject an international peace plan for partitioning the disputed land.

Mr. Milosevic's pronouncement warned the Bosnian Serbs that they would be committing "treason" and "crimes against their own people" if they did not accept the peace plan.

The plan would force them to surrender a third of the land they now occupy in Bosnia and would divide the country into two roughly equal sections: one run by a Muslim-Croatian federation and the other by the Serbs.

Implicit in the strongly worded letter was a threat to close Yugoslavia's border with the breakaway republic, denying it weapons, soldiers, money and fuel, all critical to its domination of more than two-thirds of Bosnia.

However, unless Mr. Milosevic carries through on his warning, his move will be like many other plays he has made in his efforts to remain the pre-eminent power broker in the region and leader of all the Serbs.

A Western diplomat said Mr. Milosevic appeared to be learning from the Western powers, who have made a habit of threatening the Bosnian Serbs and then not carrying through.

He said Mr. Milosevic was doing his utmost, short of concrete steps, somehow to separate Yugoslavia and the Bosnian Serbs in the minds of the United States, Russia, Britain, France and Germany, the five powers that drew up the plan.

The reason, he said, was that the five-power "contact group" decided over the weekend to tighten sanctions on Mr. Milosevic's Yugoslavia, comprising Serbia and Montenegro, because the Bosnian Serbs refused to sign the plan.

Among the new techniques would be efforts to stop the flow of hard currency into Yugoslavia and halt the inflow of goods masquerading as humanitarian supplies, which are exempted under the sanctions.

Mr. Milosevic wants those sanctions, which have devastated Yugoslavia's economy for the last two years, to be lifted. And he is, at least symbolically, increasing pressure on his Serbian brothers to achieve that aim.

Such pressure has been applied before, in the spring of 1993 when he claimed he would shut Yugoslavia's border with Bosnia if the Serbs did not accept the now moribund peace plan drafted by former U.S. Secretary of State Cyrus R. Vance and Lord Owen of Britain.

That threat was never carried out, leading to speculation that Mr. Milosevic was simply posturing to ensure his international status.

Mr. Milosevic's letter followed a similar pronouncement on Sunday by the president, who is widely believed to have

Berlusconi Digs In, but Signals He'll Deal

Compiled by Our Staff From Dispatches

ROME — Buffeted by a conflict-of-interest scandal, a defiant Prime Minister Silvio Berlusconi on Tuesday rejected calls to divest himself of his vast business holdings.

He was helped by a pledge of support from the Northern League leader, Umberto Bossi, the most difficult of his allies in the ruling conservative Freedom Alliance coalition.

"I will never give in," Mr. Berlusconi declared during a debate in the Chamber of Deputies, the lower house of Parliament. "The constitution gives no one the right to expropriate private property. We are not in the Romania of Ceausescu."

Mr. Berlusconi, who last week presented a plan to put his Fininvest empire in the hands of a trust, repeated that he was willing to put his links with the group on hold but said he would not surrender its freedom to function as a business.

Mr. Bossi said his party had no intention of bringing down the four-month-old government. He told the deputies, "This message is not only for the chamber but for all Italians: There will be no government crises."

The neofascist leader Gianfranco Fini, another member of the government, on Monday accused Mr. Bossi of working against the coalition's interests by criticizing Mr. Berlusconi's controversial plan to put his \$7 billion-a-year Fininvest company in the hands of a trust.

Mr. Bossi said his sometimes blunt criticism of Mr. Berlusconi was not intended to stir up trouble but to ensure that the constitution was respected.

Mr. Berlusconi indicated he was impatient with Mr. Bossi's sniping. "If Bossi wants to be a kidnapper, he is free to do so," the prime minister said. "But he needs a willing hostage and this will never happen."

Following a bribery scandal involving

Fininvest, opposition leaders have called on Mr. Berlusconi to sell off all or part of the company. But the prime minister stood firm Tuesday, defending his proposal to distance himself from his business empire by placing the company in a blind trust run by a special committee.

The scandal broke when a senior Fininvest official admitted to having bribed government tax auditors and said the payoffs had been bankrolled by Mr. Berlusconi's younger brother, Paolo, who is now under house arrest.

Things got worse for Mr. Berlusconi when he met at his Milan residence with Fininvest officials and members of his gov-

ernment, apparently to discuss the investigation, prompting charges that he was unable to distinguish between his roles as prime minister and businessman.

The scandal came on the heels of a crisis last month when Mr. Berlusconi issued a decree to trim the powers of magistrates investigating corruption. He was forced to withdraw the decree after a public outcry and opposition from within his own rightist coalition.

On the decree, Mr. Berlusconi said Tuesday, "It is clearly wrong to depict this government as being an enemy of judges."

(AFP, Reuters)

United Europe Offers Mobsters A New Window of Opportunity

By William Drozdiak

Washington Post Service

AIX-EN-PROVENCE, France — Ever since the Romans staked out this region as one of the principal outposts of empire more than 2,000 years ago, there has been a comfortable marriage of interests between the Mediterranean cultures of France and Italy.

But as the European Union creates a single market, eroding national borders, there are growing fears that Italy's plague of organized crime is choosing southern France as a favored place of exile.

The decline of borders in the European Union, and the removal of the Iron Curtain that once divided East and West, has created opportunities for organized crime syndicates in Italy, Russia, South America and Japan to expand into new turf abroad.

As such groups evolve into international corporations with wide arrays of interests, they have discovered that the emergence of a truly global economy offers new opportunities to launder "dirty" money from drug and prostitution rackets into legitimate businesses.

As Italy has bounded the Mafia, jailing many of its leaders and scrutinizing its activities, the Italian crime syndicates have sought refuge abroad.

France and other European nations are discovering that the Cosa Nostra, N'Drangheta and the Camorra — the Sicilian, Calabrian and Neapolitan branches of the mob — have moved into their economies in ways difficult to uproot.

"The Mafia's penetration is no longer confined here just to selling drugs," said

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Arafat Duels With Hussein In the Fight for Jerusalem

By Caryle Murphy

Washington Post Service

JERUSALEM — Israel's recognition of the "special role" of King Hussein in overseeing Islamic holy shrines in Jerusalem has ignited a bitter dispute between the Jordanian ruler and the Palestinian leader, Yasser Arafat.

The Israeli move, contained in the "Washington Declaration" of last week that was meant to normalize relations between Israel and Jordan, illustrates how the battle for Jerusalem's future — supposedly postponed for two years — is already on.

It also highlights how that battle revolves around not only Israeli and Palestinian claims, but also intra-Arab rivalries for a role in the disputed city, which Israel claims as its "undivided and eternal capital."

In the latest evidence of the intensifying Jordanian-Palestinian competition, King Hussein articulated Mr. Arafat's most dreaded nightmare: that the king will arrive in Jerusalem before the head of the Palestine Liberation Organization.

"I have received several invitations to visit Jerusalem," King Hussein said to reporters Monday in London. "I feel it is my right as a Muslim, a Hashemite and as an Arab to visit Jerusalem and Hebron, and when I do so, I will do so without anybody's permission."

Asked when he might visit, the king responded: "As to when, I don't know but it will happen some time soon, God willing."

King Hussein appeared to be responding to an earlier statement by Mr. Arafat rejecting Israel's authority to invite King



Jerusalem is in our sights," posters of Yasser Arafat in the city proclaim.

Hussein to visit Jerusalem and pray at Islam's revered Al Aqsa Mosque.

The Israelis "haven't a right to offer any invitations," said Mr. Arafat, who has, pointedly, not been asked by Israel to visit Jerusalem.

Mr. Arafat said it was his duty and responsibility to offer invitations to visit the holy city.

"I appreciate very much that King Hus-

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Kiosk

An Accord to Patrol Haitian Border

The Pentagon said Tuesday that it would send helicopters, military scouts and technical experts to the Dominican Republic this month to help stop smuggling of fuel into Haiti.

Eighteen U.S. military scouts will be part of an international team of 88 observers that will patrol the border under an accord signed between the

United States and the Dominican Republic, it said.

Six helicopters will be sent, and up to 20 technical experts to maintain them and other equipment. (Page 4)

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Newsstand Prices

Andorra.....9.00 FF	Luxembourg 60 L.	Fr
Antilles.....11.20 FF	Morocco.....12 Dh	
Cambodia.....1.400 CFA	Qatar.....8.00 Riels	
Egypt.....E.P. 5000	Reunion.....11.20 FF	
France.....9.00 FF	Saudi Arabia.....3.00 R.	
Gabon.....960 CFA	Senegal.....960 CFA	
Greece.....300 Dr.	Spain.....300 Ptas	
Holy Cost.....1.200 CFA	Tunisia.....1,000 Din	
Ivory Coast.....1.200 CFA	Turkey.....T.L. 35,000	
Jordan.....J.O. U.A.E.	U.S. \$5.00 Dirh	
Lebanon.....U.S. \$1.50	U.S. Mil. (Eur.) \$1.10	

Dow Jones

Down	1.95
3786.22	

Trid Index

Up	0.85%
116.06	

The Dollar

	Time Price	Previous Price
New York	1.6285	1.5798
DM	1.5355	1.5365
Found	100.34	99.445
Yen	5.408	5.40

Over the Hill? Stones Prove They've Gathered No Moss Jagger & Company Yield Satisfaction

By Richard Harrington

Washington Post Service

WASHINGTON — You can't always get what you want at a Rolling Stones concert, but, often enough, you get what you need for genuine satisfaction.

Kicking off their first tour since 1989, the Stones sauntered into RFK Stadium on Monday night for a three-hour, 27-song stroll down memory lane, with perhaps a tad too many stops along the way to showcase songs from their new album, "Voodoo Lounge."

They started off with a rock chestnut, Buddy Holly's "Not Fade Away," its chunky Bo Diddley beat testimony to original inspiration and its theme a reflection of both the audience's devotion and the band's stubborn persistence.

Given that it was opening night on what will be a 43-city stadium tour, it was not surprising that the show was a bit uneven, particularly in its pacing. There were literal fireworks after the finale of "Jumpin' Jack Flash," but the song equivalents would have been more effective spaced through the show rather than bunched at the end, when the gut punch numbers were "Start Me Up," "It's Only Rock 'n' Roll," "Street Fighting Man" and "Brown Sugar."

Early in the sold-out show, the Stones seemed to have the flow down: A terse "Undercover (of the Night)" gave way to "Tumbling Dice," its primordial riff and rolling groove underscored by a punchy horn section and the wise use of a large video screen to bring the band, if not to life, to size. When you roll that combination, you come up a winner.

But from there, things were alternately rocky and rolling. To its credit, the band dusted off some seldom-played tunes: the suggestive "Rock On," whose insouciant sexuality and ragged energy kicked off "Exile on Main Street," and "Monkey Man"

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Mick Jagger playing to the crowd during the Rolling Stones' opening night of their first tour in five years.

But Woodstockers Are Staying Home

By Marc Fisher

Washington Post Service

WASHINGTON — The Woodstock Generation would rather stay home and watch cable. The Reunion at Yasgur's Farm, a re-creation of the 1969 Woodstock concert at the original site, has been scratched.

Promoters hoped for a crowd of 50,000 at \$95 a pop. By Monday they had sold precisely 1,657 tickets for the alternative Woodstock concert.

"Interest did not materialize," said a statement by Harry Rhulen, promoter of the Bethel, New York, concert, which was to have featured such Woodstock originals as Richie Havens and John Sebastian. Mr. Rhulen said he had lost more than \$2 million on the abortive venture. Ticket holders will get refunds, Mr. Rhulen said.

Nor do the young people of Generation X seem quite as keen to commune in the fields with a quarter-million grungy strangers as their boomer parents were.

Sales for the other big 25th anniversary concert — Woodstock '94, the rock extravaganza being staged by the same folks who created the 1969 festival — are lagging nearly 100,000 tickets behind projections.

From the start, Woodstock '94, which aims to gather 250,000 rock fans for 28½ hours of music Aug. 13-14, has not targeted those nostalgic for the original counterculture event. Instead, they have tried to woo kids by offering hot alternative bands such as Nine Inch Nails, Spin Doctors, Arrested Development and the Red Hot Chili Peppers, supplemented by senior citizens such as Aerosmith and Bob Dylan.

The organizers — Joel Rosenman, producer of both the original Woodstock and this year's show in Saugerties, New York, and his partner, John Roberts, a venture capitalist, joining with Polygram, the

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Remnants of Routed Rwanda Army Ponder a Comeback

By Raymond Bonner

New York Times Service

MUGUNGA, Zaire — At the refugee camp here and on a stretch of road beyond, one immediately notices something different about the people: Among the throngs of weak and sick, women and children in tattered and dirty clothes, there are great numbers of men in uniform, the camouflage combat uniform of the Rwandan Army, the government troops who were routed last month by the Rwanda Patriotic Front.

These are also the troops, mostly Hutu, who are widely accused by the United Nations and human rights groups of having massacred hundreds of thousands of Tutsi in Rwanda. Some of their officers talk freely about being on a list of accused killers drawn up by the new, Tutsi-dominated government in Rwanda.

At one point along the road past the camp, 16 kilometers (10 miles) northwest of Goma, a piece of brown paper stuck on the end of a stick identifies the soldiers lounging under the trees, drinking Primus beer and playing cards, as members of the 74th Battalion. A framed picture of the late Hutu president, Juvenal Habyarimana, hangs in a tree near a military tent. Off the road,

concealed in the scrub, military pup tents are scattered about.

It is a camp of Rwandan soldiers, and outsiders asking questions are not welcome.

To the extent that they will talk at all, the soldiers say that they, too, are suffering and dying. But when asked what they wanted from the international community — food? medicine? water? — a soldier said without hesitation: "Bullets, so that we can go back to our country." His comrades cheered.

Though the army was routed by the Rwanda Patriotic Front, which now governs the country, units are being kept together, the command structure is intact and soldiers are being paid. And the soldiers are talking of the day when they will take back the country, just as the Tutsi-dominated front grew from refugees into an army that defeated the soldiers here.

The chief of staff of the Rwandan Army, General Augustin Bizimungu, said that there were 15,000 Rwandan soldiers in Zaire. "We are busy regrouping," he said in Goma.

The more immediate threat the soldiers pose is to the relief effort for the million refugees. "It is a serious problem, and we are getting

more and more concerned about it," Ray Wilkinson, a spokesman here for the United Nations High Commissioner for Refugees, said this week. The soldiers are taking food that should be going to women and children, the sick and weak. But that is a minor concern.

The soldiers, along with the former government militia, are engaged in what Mr. Wilkinson called intimidation to keep refugees from returning to Rwanda. The former government does not want the refugees to return because it believes the new government will be seen in a bad light if thousands of Rwandans remain outside of the country.

Mr. Wilkinson said it was urgent that the soldiers be removed "as far as possible" from the camps. "Then they will not be as effective in their intimidation," he said.

Nor is it only the military that is spreading the "stay put" message.

A 28-year-old high school teacher, chosen this week as a political leader in one of the camps, has a simple answer when people ask him about returning home: Don't go. The new, Tutsi-dominated government in Rwanda is killing Hutu who dare to return, he says.

This politically loaded message is becoming gospel in some camps, and is making rapid repatriation of refugees more difficult and unlikely.

"I know many people die here of disease, but if they go back they will be killed," said the teacher, Gideon Hakuzumuremyi, as he sat on the floor of a grass hut holding notebooks listing food distributions to his refugees.

Still, the deterrent to returning is most visibly represented by the Rwandan soldiers. Since the soldiers poured across the border two weeks ago, along with hundreds of thousands of civilians, UN officials have tried to get them to take off their uniforms, disband their units and integrate themselves into the refugee population.

But the commanders here have told the United Nations that they will not disband, a point underscored by General Bizimungu.

The soldiers would take off their uniforms, he said, if it were necessary to go into the camps to get food.

"We can take our uniforms off and remain in the army," he said during an interview on the porch of a home near the lake here. "We can send soldiers to the camps and call them back."

WORLD BRIEFS

Report on Fatal Airbus A-330 Crash Cites Pilot Error and Other Factors

PARIS (AP) — The fiery crash of an Airbus A-330 passenger jet during a test flight that killed all seven crew members was attributed Tuesday to human error and a combination of other factors. A preliminary investigation by French civil aviation authorities said that none of the factors alone would have caused the crash June 30, but could explain it if taken together.

The two-engine plane, which was not carrying passengers, crashed in an uninhabited area shortly after taking off from Airbus Industrie's test strip in Toulouse, in southern France.

According to the report, the engines were on maximum power despite flight plans to the contrary. At the low altitude, the automatic pilot kicked in and caused the plane's nose to rear up, much more sharply than normal for a commercial plane. The crew had trouble ascertaining what mode the automatic pilot was in.

The co-pilot, meanwhile, pulled the stick back to the point the plane was almost looping, the report said. The captain was not in the cockpit, occupying himself with test procedures, and was too slow in retaking control of the plane. "If manual control had been effected three or four seconds earlier, the accident could have been avoided," the report concluded.

Bomb Is Found at Argentine Airport

BUENOS AIRES (APF) — A police bomb squad detonated Tuesday an explosive device planted at Buenos Aires's Jorge Newbery airport, officials said.

No one was injured in the incident, officials said, and no one immediately claimed responsibility. The bomb was located in the washroom of a snack bar on the airport's ground floor. Experts took the device to a nearby vacant lot, where it was detonated.

On July 18, a car bomb leveled a seven-story building housing a Jewish charity in Buenos Aires, killing at least 95 people and injuring more than 200.

Arms Sales to Third World Fell in '93

WASHINGTON (NYT) — The United States increased its share of arms sales to the Third World last year, but overall sales to those countries continued a decline that started at the end of the Cold War, the Congressional Research Service reported.

Overall, arms sales to Third World countries fell 22 percent, to \$20.4 billion last year from \$26.2 billion in 1992. Sales from the United States to Third World countries edged up, to \$14.8 billion in 1993 from \$14.6 billion in 1992, but the share of America's sales in that period jumped to 73 percent from 56 percent.

Russia, the third-largest Third World supplier last year, behind the United States and Britain, increased its sales to \$1.8 billion from \$1.6 billion in 1992, and had 9 percent of the market.

Nigerians Set for Nationwide Protest

ABUJA, Nigeria (Reuters) — A Nigerian court trying Moshood K. O. Abiola on charges of treason was adjourned Tuesday until Wednesday, the day a nationwide general strike is to start if he is not freed. Chief Abiola won a national election more than a year ago but the military government canceled the results.

Judge Mohammed Mustapha said Tuesday that he was adjourning the trial because of the prosecution's inability to respond to a defense motion asking for the case to be dismissed and for Chief Abiola to be released.

Oil unions striking for an end to military rule and the release of Chief Abiola said the adjournment would not help. Their strike, now in its fifth week, has paralyzed Nigeria. The 3.5 million-strong umbrella Nigeria Labor Congress is to join the strike on Wednesday if Chief Abiola is not freed.

Iran Says Bombing Suspect Is Dead

NICOSIA (Reuters) — The main suspect in a June bomb attack that killed 26 people at Iran's holiest shrine died in a Tehran hospital on Tuesday of bullet wounds he received during his apprehension, the Iranian news agency reported.

Mahdi Nalvi, with bullet wounds in the abdomen and spleen and under his collarbone, died a day after security agents caught him with him in east Tehran and seized him after a shoot-out, the agency said.

The Iranian chief of intelligence, Ali Fallahian, said the suspect had confessed to belonging to the Iraq-based Mujahidin Khalq organization.

Correction

An article in Friday's editions misstated French trade figures for May. France had a surplus of 7.6 billion francs, compared with a revised 7.9 billion franc surplus in April; that brought the surplus for the first five months to 30.7 billion francs from 29.9 billion francs in the comparable 1993 period.

TRAVEL UPDATE

British Brace for Another Rail Strike

LONDON (Reuters) — The British rail system is facing its eighth strike in eight weeks on Wednesday, when signal workers are to walk out for 24 hours in a pay dispute. The strike is to begin at midnight, forcing many commuters to find other ways to get home Wednesday and back to work the next morning.

The two sides met at the offices of the government's conciliation service on Tuesday, but a Rail Maritime and Transport union spokesman said later: "We don't see any dramatic breakthrough at the moment."

France is preparing for a hot August after a storm on Sunday brought a few days of respite, according to France Météo. Temperatures on Thursday are to rise to 36 centigrade (97 Fahrenheit) in northern France and to 38 centigrade in the south. (APF)

A strike by Portuguese railway workers protesting overtime disrupted services to Paris, Madrid and Vigo in northwest Spain and to several Portuguese towns on Tuesday. The rail workers' trade union said the strike would continue until Friday. (APF)

Thieves in Kenya beat a British woman to death in a suburban Nairobi home over the weekend, the Foreign Office said as it issued a warning to travelers. The victim was Carol Winter, whose husband, Adam, surprised four men in the house. (APF)

Albania's only airline has halted its flights because of continuing losses and failure to find a buyer for the Austrian partner's shares. A joint venture between Tiryan Airways and the Albanian state-run Albatrans was founded in January 1992. (APF)

Scandinavian Airlines Systems will open six new evening flights from Stockholm to Copenhagen on Aug. 14 and five early flights from Copenhagen to Stockholm on Aug. 15. More flights are also planned linking Copenhagen and Oslo. (Bloomberg)

Japan Air Lines plans fare reductions averaging 24 percent on Asian and South Pacific routes in the second half of the financial year that ends next March. The airline said the discounted fares would apply to routes covering 19 cities, including Seoul, Hong Kong, Singapore, Kuala Lumpur and Sydney. (APF)

An Overreaction At Buchenwald?

Bonn Officials in Quandary

By Rick Atkinson

Washington Post Service

BUCHENWALD, Germany — The scene at this former Nazi death camp was hardly the public relations image that a liberal, democratic Germany wants to project to the world.

Twenty-two neo-Nazi skinheads tumbled out of a rented bus and cavorted across the compound where a quarter-million victims of the Third Reich once were imprisoned. Shouting "Sieg Heil!" and giving the Hitlerian stiff-armed salute, the intruders broke a couple of windows, overturned a display from the concentration camp and threatened a supervisor before the police arrived.

The July 23 incident set off the familiar ritual after similar demonstrations of the rightist violence that has plagued Germany since reunification four years ago. The Bonn government voiced regret and shame. Israeli and U.S. diplomats showed up at Buchenwald to express outrage and alarm. Local police were pelted with accusations of incompetence. The culprits were arrested, released and, following a public outcry, rearrested.

The Buchenwald rampage illustrates the predicament of German officials, foreign diplomats and the news media in reacting to such episodes. Should a minor act of vandalism be magnified into an international incident? Are neo-Nazi skinheads a pathetic lunatic fringe or a genuine threat to German stability? Does the attention given to a band of social misfits encourage similar plots?

A close look at the events that took place Saturday reveals both farcical and alarming aspects. The 22 suspects, whose names have not been released, range in age from 18 to 27 and are associated with the skinhead scene in the central German state of Thuringia, according to the police. They reportedly chartered a bus in the town of Gera with intentions of attending a rock concert in Bavaria, but upon learning that the concert had been canceled instead wandered aimlessly through the countryside. At one point, the group ordered the driver to stop at a highway rest

area where at least one of them allegedly punched a Turkish flower seller and stole his flowers.

The bus eventually rumbled into the parking lot at Buchenwald, which had closed for the day. Whooping wildly, the gang raced the 600 yards to the former site of the concentration camp barracks. After tossing the stolen flowers near the mass graves of Nazi officials and other Germans who died during imprisonment at Buchenwald after Soviet occupiers took over the camp in 1945, they heaved rocks through two windows and upended a cart once used by inmates to haul stones from a nearby quarry. A supervisor who tried to intervene said one intruder warned, "We'll set you on fire."

Within 12 minutes after the alarm was sounded, police arrived to make arrests, according to Thuringian officials. All of the culprits but one, who was wanted on another warrant, were quickly released. Most have been rearrested and charged with vandalism and trespassing; only the lone female among the group has not been charged. Two police officials have been suspended, and disciplinary action is pending against three others for failing to take action earlier in the day.

By the next Monday the "Buchenwald riot," as it was dubbed in the German press, had become an international incident. Ambassador Avi Primor of Israel arrived at the camp to declare that "People who profane such memorials are a minority but this minority is dangerous." Throughout the week protests poured in, from the Anti-Defamation League and from organizations of former Buchenwald inmates in France, Italy and the Netherlands. The author Elie Wiesel, a Buchenwald survivor, showed up on Thursday.

The federal government has tried to make the case that rightist crime in general is declining, an assertion supported by recent statistics.

At Buchenwald, at least, the authorities hope to prevent a repeat of the episode. Officials have announced that a new police station will soon open next to the concentration camp.



Two soldiers of the defeated Rwandan Army, suffering from cholera, outside a clinic at a refugee camp in Zaire.

Aid Officials Fear a New Surge of Deaths

The Associated Press

GOMA, Zaire — Dysentery, which is potentially far more deadly than cholera, threatens to become the major disease afflicting Rwandan refugee camps in eastern Zaire, relief officials said Tuesday.

Samantha Bolton, a spokeswoman for Doctors Without Borders, said deaths in the camps were set to surge again. Children will be hardest hit, she said, among the more than a million Rwandans jammed into camps along Zaire's eastern border.

"This is going to strike kids more than adults," she said. "It's going to be very expensive and time-consuming to treat, and you're going to see an upsurge in deaths."

Cholera and dysentery are both spread by fecal contamination of food and water. Cholera is treated with an infusion of liquids and minerals to replace those lost by the body through vomiting and diarrhea.

Dysentery requires five days of costly antibiotics.

Ray Wilkinson, spokesman for the United Nations' refugee agency, said Tuesday that the number of reported deaths in the camps had fallen to an estimated 800 to 900 daily, down from 1,800 to 2,000 early last week.

"That figure undoubtedly will go up when the dysentery moves up in scope," he said.

The United Nations has appealed for \$434 million in donations to help the refugees, and representatives from about 40 countries met Tuesday in Geneva to pledge funds.

Sadako Ogata, the UN high commissioner for refugees, told the meeting that the agency faced a cash shortfall of \$65 million. Despite a huge international aid effort, she said, the agency desperately

needed help improving sanitation and camp and road facilities.

On Monday, Unicef estimated 50,000 people had died in the camps in the past two weeks, much higher than the high commissioner's figure of 20,000.

British Troops in Kigali

An advance team of British troops flew into the Rwandan capital of Kigali on Tuesday, Reuters reported.

Lieutenant Colonel Michael Warmby and 20 troops from the 5th Airborne Brigade strode off transport planes at the start of the first major British deployment in Africa since the end of the colonial era.

Joining forces from the United States, Canada, Australia and a handful of African nations, the British will send medical teams to the northwest of the country to treat refugees trying to make it home from camps in Zaire.

Rwanda's Leaders Promise Quick Genocide Trials

Washington Post Service

KIGALI, Rwanda — Rwanda's president and prime minister called Tuesday for genocide trials to begin as soon as possible against those who planned, ordered and executed the murders of hundreds of thousands of Tutsi in April.

In separate interviews, both leaders said they envisioned their three-week-old government setting up a genocide tribunal in

which the international community would participate as observers.

They said that to allow the international community to control the tribunal, as in the Bosnian conflict, would lead to unacceptable long delays.

"We want a transparent system, but we don't want to wait as long a time," said President Pasteur Bizimungu, a moderate

Hutu who was installed in office last month after the forces of Tutsi-dominated Rwanda Patriotic Front overran the army of the former Hutu-dominated government.

Prime Minister Faustin Twagiramungu noted that Rwanda already had a special provision in its criminal justice system that called for death by firing squad for anyone convicted of genocide.

Doubt Cast on U.K. Advance Tip on Pearl Harbor

By Richard W. Stevenson

New York Times Service

LONDON — A newly declassified document suggests

that Britain did not have advance warning of the Japanese attack on Pearl Harbor, casting doubt on the theory that Prime Minister Winston Churchill deliberately withheld such information from President Franklin D. Roosevelt in an effort to make sure the United States entered the war, a historian here said.

Anthony Best, a lecturer in international history at the London School of Economics, said an internal history of British naval intelligence prepared in 1945 and released by the government last week states that

although there were warning signals about Japan's intentions, Britain did not know in early December 1941 that a Japanese force was preparing a surprise attack on the American naval fleet in Hawaii.

Some historians, citing Britain's extensive intelligence operations against Japan at the time, have questioned whether Churchill fully shared information with Roosevelt in the weeks leading up to Pearl Harbor, and whether the British leader might have withheld warning of a Japanese attack so that the United States would

have no option but to enter the war.

The document said that as of Dec. 1, 1941, British intelligence placed four Japanese aircraft carriers in the South China Sea near Formosa and four other carriers in Japanese home waters, Mr. Best said. Two other carriers were placed near Japan on Dec. 4.

In reality, two of the carriers that British intelligence thought were in the South China Sea and all four of those assumed to be in Japanese waters were heading under radio silence toward Pearl Harbor.

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THE AMERICAS / EVERYTHING'S POLITICAL

Feminist Asks Death Penalty in Simpson Case

Los Angeles Times Service
LOS ANGELES—In another sign of the politicization of the O.J. Simpson murder case, a feminist attorney, Gloria Allred, has called on the Los Angeles district attorney, Gil Garcetti, to ask for the death penalty against Mr. Simpson.
 Ms. Allred contended that if Mr. Garcetti declined to seek the maximum penalty, it would be a sign he was showing favoritism to a celebrity defendant and manifesting insufficient concern about the plight of battered women.
 "Were it not a celebrity defendant," she said, "it seems highly likely that he would ask for the death penalty in a case such as this involving allegations of first-degree murder."
 Ms. Allred noted that in recent months Mr. Garcetti's office had asked for the death penalty in two cases where women were charged with having hired someone else to murder their husbands.
 "If Mr. Simpson committed the murders with which he is charged," she said, "he certainly shouldn't get a break from the DA on the death penalty because he committed the crime himself rather than hiring others to do it."

To bolster her contention, Ms. Allred brought along an anti-abortion activist, Susan Carpenter-Milman, and a woman whose husband is in prison for spousal battery. The trio demanded that Mr. Garcetti meet with women's groups about the case, as he did with civil rights leaders on July 19.
 The women stressed that they were not making any statement on Mr. Simpson's guilt. Rather, they said, if a jury convicts him of murdering his former wife, Nicole Brown Simpson, and her friend Ronald L. Goldman, it should be able to decide whether the death penalty is appropriate. Mr. Simpson has pleaded not guilty to the charges.
 An all-male committee of Mr. Garcetti and senior deputy district attorneys is to decide whether to ask for the death penalty before the trial's start, set for Sept. 19.
Police Detective Threatens Suit
 A police detective who testified that he found a bloody glove at Mr. Simpson's estate will sue unless the defendant's attorneys retract claims that he planted the evidence, The Associated Press quoted his lawyer as writing.

A July 25 article in *The New Yorker* magazine quoted unidentified leading members of the defense team as saying they might argue that Mark Fuhrman found two gloves at the murder scene, then planted one outside Mr. Simpson's mansion. Mr. Fuhrman denied planting the glove.
 Mr. Fuhrman's attorney, Robert Tourtelot, demanded a retraction and apology from Mr. Simpson's chief defense lawyer, Robert Shapiro, for "immeasurable" pain and anguish suffered by the officer and his family.
 "You can help ease the humiliation and hurt they continue to experience," Mr. Tourtelot wrote to Mr. Shapiro.
 The *New Yorker* article said the defense would argue that Mr. Fuhrman was motivated by racism, got pleasure from intimidating criminals and sometimes beat suspects.
 Mr. Shapiro later said that race would play no role in the case and that defense lawyers would more likely argue that Mr. Fuhrman is not a reliable witness because he once asked to be removed from the police force because of a mental disorder.

Jackson Mum on Marriage

Lisa Marie Presley Says He Indeed Said 'I Do'

Compiled by Our Staff From Dispatches

LOS ANGELES—The family of Michael Jackson remained silent Tuesday on the announcement by the only daughter of Elvis Presley that she and the pop superstar had married in a secret ceremony 11 weeks ago.
 Mr. Jackson's spokesman, Lee Solters, refused to comment, and John McLaughlin, the Jackson family spokesman, said the family had no comment on Lisa Marie Presley's disclosure.
 Her mother, Priscilla Presley, who divorced the "King of Rock and Roll" several years before his death in 1977, said through her spokesman that she was "very supportive of Lisa Marie and everything she does."



Lisa Marie Presley said she wed Michael Jackson.

The wedding unites two of the richest people in show business.
 Mrs. Presley-Jackson's assets from her father's will are estimated to be \$150 million, while her new husband is believed to be worth more than \$250 million.
 The couple had their first date on Feb. 2, when they went to Las Vegas to see a show by the '60s groups The Temptations and The Fifth Dimension, according to news reports.
 At the time, Mrs. Presley-Jackson was estranged from her husband, Danny Keough, a musician. The couple reportedly got a "quickie" divorce in Santo Domingo in the Dominican Republic on May 6.

The developer Donald Trump said the couple was staying on the top floor of Trump Tower in Manhattan. He added that he had known their secret "for a long time."
 Entertainment industry publications and tabloid newspapers have been filled with speculation about a Jackson-Presley marriage for more than two months. Officials in the Dominican Republic said the pair spent time in the country in late May, and a Dominican newspaper, *Listin Diario*, published a picture of what it said was their marriage certificate.
 A statement by Mrs. Presley-Jackson, 26, was issued Monday by Mr. Jackson's production company, MJJ Productions.
 In the statement, the only child of Elvis Presley said: "My married name is Mrs. Lisa Marie Presley-Jackson. My marriage to Michael Jackson took place in a private ceremony outside the United States 11 weeks ago."
 "It was not formally announced until now for several reasons, foremost being that we are both very private people living in the glare of the public media. We both wanted a private marriage ceremony without the distraction of a media circus."
 "I am very much in love with Michael; I dedicate my life to being his wife. I understand and support him."

Mrs. Presley-Jackson and Mr. Keough separated after she began seeing Mr. Jackson, 35, who has never been married. She and Mr. Keough, who were married in 1988, have two children, Danielle, 5, and Benjamin, 1.
 A judge in the Dominican Republic, Hugo Alvarez Perez, who announced last month that he had officiated at the couple's marriage, said they were wed in a brief ceremony, complete with a kiss and gold rings.
 Judge Alvarez Perez's announcement was initially greeted with skepticism by the world's press.
 "It was a normal ceremony, more or less lasting 12 minutes," the judge told a television station in the Miami suburb of Hialeah on Monday.
 "He was a little nervous," the judge said, adding that Mr. Jackson presented his bride with a "very nice ring."
 The judge also said the newlyweds exchanged "a little kiss" before they were whisked away by bodyguards.
 Last year, a 13-year-old boy alleged in a civil lawsuit that Mr. Jackson had sexually molested him. Mr. Jackson denied the charges but settled out of court for a sum reported to be between \$5 million and \$20 million.
 (NYT, Reuters)

Woman Cadet Loses Plea to Save Hair

By Mary Jordan

Washington Post Service

CHARLESTON, South Carolina—Shannon Faulkner, the first woman admitted to the formerly all-male Citadel, the military school, must agree to let her long hair be cut off, a federal judge has ruled.
 Judge C. Weston Houck of U.S. District Court snubbed Miss Faulkner and her lawyers on Monday when he turned aside their argument that she would be a "freak." He agreed to the Citadel's request that she, like male students, sit before a barber who in 12 to 15 seconds turns their heads to stubble.
 The issue of to shave, or not to shave, is huge here. A morning radio talk show conducted a poll on the question. Those demanding her locks be cut won by a landslide.
 Miss Faulkner and her attorneys hurriedly left the federal courthouse, clearly disappointed, after other details of her admission were decided.
 For instance, she will not sleep in the barracks with other male students but in a special room in the infirmary. Unlike men, who have to perform at least 40 push-ups in two minutes, she will be required to do only 18 in that time.
 But no issue raised as much

emotion as the rule about shaving the head.
 "Unless everyone adopts a Sincere O'Connor hairstyle, she will be stigmatized," said Miss Faulkner's attorney, Val Vojdik.
 Miss Vojdik showed the court pictures of women of who had their heads shaved as punishment for collaborating with Nazis during World War II.
 A Justice Department attorney, Sandra Lynn Beber, also spoke up, arguing that U.S. military academies like West Point had a reasonable solution: "hair cropped short, collar length."
 Miss Beber said there were plenty of military rules already existing regarding women's hair such as "multipigtails out" and "must accommodate appropriate headgear." Her point, she said, is that equal education does not mean equal haircuts.
 But Judge Houck would hear none of it. The tenor of his remarks during the four-hour hearing over the conditions of Miss Faulkner's admission this fall was that he did not want the court "to take over the running of the Citadel."
 The hearing on Monday was to decide the details of her living on campus this fall, the lone woman among 2,000 men.



Shannon Faulkner on her way to hear a judge rule on her life in the Citadel.

Youth Caned in Singapore Scuffles With Father

The Associated Press

KETTERING, Ohio—Michael P. Fay, the teen-ager whose caning in Singapore for vandalism drew international attention, scuffled with his father after coming home late and intoxicated, the police said Tuesday.
 George Fay, Michael's father, called the police to his home shortly after 1 A.M. on July 22, a

month after Michael had returned home from Singapore, a police spokesman said.
 Mr. Fay had supported and defended his son during the Singapore case. Michael, 19, was imprisoned for vandalizing cars and lashed four times with a rattan cane. Michael denied the vandalism charge and said he had been coerced into confessing.

★ POLITICAL VOTES ★

Clinton Books 2 Alternative Health Plans

WASHINGTON—The Senate majority leader, George J. Mitchell, of Maine, introduced a health-care reform bill Tuesday that aims to cover 95 percent of Americans by the year 2000 without requiring employers to pay their workers' insurance.
 The White House endorsed Mr. Mitchell's plan, as well as one proposed by the House majority leader, Richard A. Gephardt, of Missouri. Both bills are scaled-down versions of President Bill Clinton's initial proposal. (AP)

2 Senate Votes Concern Homosexuality

WASHINGTON—After a display of what critics called "disgusting" pamphlets, the Senate has voted to cut off federal money to schools that teach acceptance of homosexuality as a way of life.
 The measure, proposed by two Republican senators, Robert C. Smith of New Hampshire and Jesse Helms of North Carolina, passed by a 63-to-36 vote.
 But shortly afterward, the Senate passed another measure, offered by Edward M. Kennedy, a Democrat from Massachusetts, intended to blunt the effect of the Smith-Helms amendment. Mr. Kennedy's proposal, passed by a 99-to-0 vote, would cut federal money to schools that encourage sexual activity, whether homosexual or heterosexual. (NYT)

Republican Rivals Gang Up on Job Bush

WASHINGTON—Jeb Bush is well ahead of his opponents in the Republican primary race for governor of Florida. But to make sure things stayed that way in the month until the election, Mr. Bush stunned his two closest rivals last week by attacking them in a television commercial.
 In a highly unusual, if not unprecedented, alliance, the two other candidates have jointly produced their own advertisement. Even nastier than the Bush ad, this one blasts away at the character and business dealings of Mr. Bush, a son of the former president. (NYT)

Quote/Unquote

President Bill Clinton, on health care: "This decision rests no longer in my hands alone. The Congress has been under enormous pressure. Don't let the fear mongers, don't let the dividers, don't let the people who disseminate false information frighten the United States Congress into walking away from the opportunity of a lifetime."

Ex-Smokers Have Edge on Healthy Eaters

Compiled by Our Staff From Dispatches

CHICAGO—People with healthy hearts who cut the fat in their diet will live only a few extra days or months on average, but smokers who kick the habit will add years to their lives, a study has found.
 Researchers at Montreal General Hospital found that quitting smoking increases life expectancy by approximately two to four years for men and about two to three years for women.
 But before ordering that hot fudge sundae, consider: Experts point out that if you watch what you eat, too, you can make those extra years of life more enjoyable and illness-free.
 "I would never suggest to anybody that a prudent diet or

lifestyle is a bad idea," said Dr. Steven A. Grover, the study's author and director of clinical epidemiology at Montreal General Hospital and McGill University in Montreal.
 The study found that cutting saturated fat to no more than 10 percent of calories consumed, as recommended by the government, would extend the life of an average man who is free of heart disease by anywhere from 11 days to four and two-thirds months.
 The same change in diet would extend an average woman's life from 3½ days to just under two months.
 But quitting smoking would extend the average male smoker's life 2½ years to 4½ years, and the average female smoker's life 2½ years to 3½ years, the authors found. Smokers also were assumed to be free of existing heart disease.
 The findings, based on computer models of government health data from the United States and Canada, were published in the August issue of the *American Medical Association's Archives of Internal Medicine*. The study used data from federal surveys and examinations of large population samples in both countries.
 Although study results indicated that dietary modifications help prevent coronary heart disease, "the benefits of smoking cessation are more uniform across age and sex and are substantially greater than those predicted for dietary change."

Too much fat in food, particularly saturated fat, can boost a person's cholesterol levels, clogging the arteries and promoting heart disease. Fatty diets are also believed to promote some forms of cancer.
 The study looked only at the effect of smoking and diet on life span—not at whether people lived with heart pain, shortness of breath or fear of suffering a heart attack.
 Such "quality of life" issues are one reason experts urged people not to ignore the importance of eating right, too. (AP, Reuters)

Away From Politics

- The abortion doctor who was shot and killed Friday outside a clinic in Pensacola, Florida, had been offered police protection six months ago, city police said. Dr. John Bayard Britton and the clinic's directors refused, saying it was unnecessary, the police department said.
- An experimental nicotine nasal spray designed to help smokers quit cigarettes can be just as difficult for some to stop using as cigarettes, a Food and Drug Administration's advisory committee said. It said the spray should be strictly controlled if approved.
- The U.S. Naval Academy has a new commander, Admiral Charles R. Larson, 57. He replaces Rear Admiral Thomas C. Lynch, 52, who stepped down amid praise from navy officials but whose tour of duty was marred by a cheating scandal.
- Russia will send a plane to help fight wildfires in the western United States. The Russian Ministry of Emergency Situations said the plane, a re-equipped Il-76, had helped put out huge forest fires in Russia last year.
- A Vermont man convicted of killing a teenager who gave him a ride in his car been executed by injection in Huntsville, Texas.
- Cliff erosion in the northeastern U.S. settlement has revealed human remains that could be hundreds of years old, a spokesman for the North Slope Borough of Alaska said. The discovery was made at the same mound where the remains of three Inuit Eskimos, judged to have dated from the 17th century, were found in the 1980s.
- An explosion rocked the headquarters of the U.S. Naval Ordnance Center at Indian Head, Maryland, officials said. There were no reported injuries at the base, which houses navy weapons and ammunition. The blast was contained in a single building, a base spokesman said.

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In Whitewater Case, Altman Apologizes to Senators

Compiled by Our Staff From Dispatches

WASHINGTON—Seeking to temper congressional fury over his misleading Whitewater testimony, Deputy Treasury Secretary Roger C. Altman apologized Tuesday for understating insider efforts to keep jobs on an investigation that threatened to embarrass President Bill Clinton.
 "I do not have perfect recall, and I may have heard or understood questions in a way that was not intended by the senator asking the questions," said Mr. Altman, the key witness on a day that cut to the heart of the administration's Whitewater explanations.
 "If I did so, I sincerely apologize to all members of the committee."

In testimony to the Senate Banking Committee, Mr. Altman also said he had made no effort to impede an investigation of a failed Arkansas savings and loan concern that was potentially embarrassing to Mr. Clinton.
 He testified that no one in the Treasury Department or the Resolution Trust Corp. "improperly imparted any information" about the investigation to the White House.
 Mr. Altman is the key figure in the affair, which centers on a tangle of investments involving Mr. Clinton while he was governor of Arkansas and allegations

that the White House tried to interfere with an investigation related to them.
 The Republicans assert that he knowingly deceived the same committee on Feb. 24, when he said that he knew of only one conversation between the Treasury and the White House about the investigation into the failed Madison Guaranty Savings and Loan in Arkansas.
 The senators are investigating whether the Resolution Trust Corp.'s probe of the failed Madison firm in Arkansas was thrown off course by administration acts.
 One of Mr. Altman's top aides, Joshua L. Steiner, 28, sought to convince skeptical

senators that his written portrayal of the Clinton administration's handling of the Whitewater affair was in error.
 Among Mr. Steiner's entries was one that said Mr. Altman was under "intense pressure from the White House" to continue overseeing the RTC's investigation of Madison.
 Under questioning by Democrats and Republicans, Mr. Steiner said, "It was not my impression at the time he was under pressure."
 Mr. Steiner testified that he kept the diary merely "to reflect on events and draw lessons from my personal and professional experiences."
 In another development re-

lated to the inquiry, the White House acknowledged that that reporters had been misled about the timing and circumstances of the handling over of Vincent Foster's Whitewater file to a Clinton family attorney after his death.
 A key point was left out of the earlier White House story: Hillary Rodham Clinton's chief of staff was given the file first, and she stored it in the Clintons' residence for five days before turning it over to the lawyer.
 Owning up to the administration's lapse, the White House spokeswoman, Dee Dee Myers said, "I think that was a mistake."
 (AP, Reuters)

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Herald Tribune

A Trendsetter Finds Burma 'Certainly Not All Wrong'

By Philip Shenon
New York Times Service

RANGOON — Her two-tone Chanel pumps were not made for wading through puddles. But there was Miriam Marshall Segal, a white smock pulled over her couture-clad frame, touring her new shrimp-packing plant in a warehouse district in this most dilapidated of Asian capitals.

"Now this, this to me is human rights," Mrs. Segal said, admiring the work of her young, stern-faced Burmese workers as they cleaned and packed handfuls of the morning's catch of meaty Black Tiger shrimp. "We are giving jobs to 200 people here. These people have pride in their work. And that is what human rights is all about."

Remarks like those set teeth on edge among human rights campaigners, who say this Manhattan businesswoman has been doing the devil's work here.

Mrs. Segal, they say, is a callous apologist for a military government that imprisons, tortures and sometimes kills those who dare stand up to it. Nonsense, says Mrs. Segal, who might seem an unlikely candidate for a one-woman crusade to burnish the image of one of the world's most notoriously repressive governments.

"Most of the people who claim to have great

thoughts about this country have never been here," she said.

For someone who made a name for herself as an arbiter of fashion — in the 1960s, she opened trend-setting accessories boutiques at Henri Bendel, Neiman Marcus and other expensive department stores — Mrs. Segal could not have picked a less fashionable cause. The junta has almost no friends in the outside world.

"The criticism doesn't worry me because I know what I believe," said Mrs. Segal, whose designer clothes, long crimson fingernails and ruby-encrusted jewelry make her an unusual sight on the crumbling streets of Rangoon. She has been doing business here for the better part of two decades, traveling here often from her home in New York.

"I am not a political person," she said. "I'm here to do business. But I think most of the reporting about this place is wrong. This country is certainly not all perfect, but it's certainly not all wrong, and we need to recognize what is right."

Mrs. Segal says Burma is unfairly singled out for international scorn even as larger Asian countries with equally serious human rights problems — notably China and Indonesia — are accorded U.S. trade privileges and diplomatic recognition.

Her praise for the junta puts Mrs. Segal at odds not only with human rights groups, but also with Washington. The United States has long refused to sell arms to Burma and, as a result of the violent crackdown on the democracy movement in the late 1980s, has refused to send an ambassador.

Although the junta has embraced the free market and welcomed foreign investment, few large U.S. corporations do business in Burma. Simon Billenness, chairman of the Coalition for Corporate Withdrawal from Burma, a Boston-based human rights group, said Mrs. Segal "has an unseemly eagerness to provide this regime with character references."

With its globe-trotting rags-to-riches drama, Mrs. Segal's life story could have been dreamed up by a romantic novelist. She was born on a fishing boat off the coast of Palestine, the child of Polish Jews eager to fight to establish a Jewish state, and was raised in Australia until, at 18, she made her way to the United States.

There she broke into the world of high fashion in New York and made a fortune with her Port of Call boutiques. She will not disclose her age.

Mrs. Segal first came here in 1976 in search of Burmese handicrafts that she could sell as fashion accessories. Her business ties did not

become an issue until after the military's crackdown on the democracy movement, in which thousands of civilians were gunned down.

In 1989 the movement's leader, Daw Aung San Suu Kyi, was placed under house arrest. She remains in detention.

But as Burma was turned into a pariah state, Mrs. Segal expanded her business ventures, setting up a fishing company three years ago in a joint venture with the junta. The company is a showpiece of the government's efforts to open up the economy to foreign investors while holding tight to power.

Asked about the government's brutal actions in the late 1980s, Mrs. Segal says "it was a very painful situation — when you are faced with a situation like that, what do you do?"

As for Daw Aung San Suu Kyi, who was awarded the 1991 Nobel Peace Prize and who is beloved by millions here for her willingness to defy the junta, Mrs. Segal offers an appraisal that is something less than flattering.

"I think she's become a prisoner of the Nobel Prize because it's an incredible thing to live up to," she said. "I don't have criticism of her, but I feel that there should be compromise on her part and on her part. You can't be defiant in a marriage. You can't be defiant in politics. You can't be defiant in business."

Accord for Patrols On Border of Haiti

Multinational Force to Draw On U.S. Troops and Aircraft

Compiled by Our Staff From Dispatches

WASHINGTON — The Pentagon will send helicopters, military scouts and technical experts to the Dominican Republic this month to help stop smuggling of fuel across the border into Haiti, a spokesman said on Tuesday.

The step is intended to bolster a trade embargo that Washington hopes will persuade the military leadership of Haiti to leave the country voluntarily.

The United Nations Security Council voted Sunday to authorize a U.S.-led invasion of Haiti, but Washington says it wants to leave time for the trade ban to work.

U.S. officials have repeatedly said an invasion was not "imminent," but President Bill Clinton has refused to rule out military action against the Haitian leaders, who deposed the democratically elected president of Haiti in 1991 coup.

Eighteen U.S. military scouts will be part of an international team of 85 observers that will patrol the border under an accord signed Monday between the United States and the Dominican Republic, according to a Pentagon spokesman, Dennis Bort.

Six U.S. helicopters will be sent, and as many as 20 technical experts will go to maintain them and other equipment, he said. The equipment and information provided by the team is intended to help the Dominicans enforce the trade embargo.

The six UH-1H utility helicopters will be flown by pilots from the Dominican Republic.

The Pentagon will also send 50 off-road vehicles, 45 motorcycles, six small boats, 106 radios and 100 binoculars, he said.

Two senior members of the U.S. House of Representatives, meanwhile, said that Mr. Clinton should get congressional approval before ordering an invasion of Haiti.

Dan Glickman, Democrat of Kansas, and Benjamin A. Gilman, Republican of New York, said in separate statements that Mr. Clinton should not rely on the UN resolution as his authorization to use U.S. troops to overthrow the Haitian government.

Mr. Glickman, who has access to U.S. intelligence reports on Haiti as chairman of the House intelligence committee, said in a letter to Mr. Clinton: "I am not aware of any information by which that situation could legitimately be characterized as an emergency."

"As a result, I could not support the use of U.S. forces without an authorization by Congress," he wrote.

Mr. Gilman said, "Before reaching the point of no return on military action, President Clinton should exhaust every possible diplomatic solution."

The White House press secretary, Dee Dee Myers, said there was "an increasing sense of isolation in Haiti, which is having an effect."

"There are some signs of fissure and pressure being placed on the military by some of their former supporters," she said.

Ms. Myers said that while the Clinton administration had cleared a diplomatic hurdle to military action with the UN vote, there was no "time line" for an invasion.

"I don't expect we'll set any," she added.

The sanctions have cut most air and sea traffic to Haiti, but smuggled fuel has continued to flow across the land border between the Dominican Republic and Haiti, which share the Caribbean island of Hispaniola.

(AP, Reuters)

RIVALS: Battle for Jerusalem

Continued from Page 1

sein might come to visit, and this is an invitation for him," Mr. Arafat added.

Israel's promise to give "priority" to King Hussein's "special role" over the Islamic shrines in eventual negotiations infuriated and frightened Palestinians, who see it as an attempt to undercut their claim to East Jerusalem as the capital of a future Palestinian state.

"Without the holy sites, Jerusalem is nothing," said a Palestinian journalist, Nihaya Qawasmli. If the Jordanians control the holy shrines, he said they will control the city.

"There will be nothing for us and we are worried," he said.

Mr. Arafat said last week: "No one has the right to talk or negotiate on Jerusalem except the Palestinian side, represented by the PLO."

Three days after the Israeli agreement with Jordan became known during King Hussein's historic meeting with Prime

Minister Yitzhak Rabin of Israel in Washington on July 25, an angry Mr. Arafat banned distribution of a pro-Jordanian newspaper in the self-rule areas of Gaza and Jericho.

He also dispatched a senior aide, Faisal Husseini, to Amman to discuss the matter with the Jordanians. And on Monday, arguing that Israel had already begun negotiations with Jordan, Mr. Arafat demanded that talks on the city's final status begin immediately.

Those talks are to start no later than May 1996 under the Israeli-Palestinian agreement signed last September.

"If they have decided to start now then we are insisting to start now," the PLO leader said.

Meanwhile, Jordan has disputed that its historical guardianship of the Islamic holy shrines undercuts the Palestinians' fight for some kind of political rule over East Jerusalem.

"I am amazed at this furor," Prime Minister Abdul-Salam Majali said last week. "We have to know that from 1948 and even before, Jordan exercised religious jurisdiction in the holy shrines, this matter was a right."

Jordan lost control of East Jerusalem in the 1967 Arab-Israeli war, but has continued to administer the Old City's Al Aqsa Mosque and the Dome of the Rock, from which Muslims believe the Prophet Muhammad ascended to heaven.

12 Die in Egypt Bus Wreck

Agence France-Press

CAIRO — Twelve people were killed and 40 injured when their bus and a truck collided on the highway linking Cairo to Aswan, it was reported here Tuesday. The truck driver, who was arrested, was said to have lost control of his vehicle, smashing into the bus at high speed.

RECOVERY: Economic Growth in Europe Makes Cost-Cutting Harder

Continued from Page 1

switch off because the market picks up."

The rigors of international competition, which is increasingly preventing companies from raising prices like they used to, often leave efficiency gains as the only way to improve profitability.

But while most companies say they intend to stay united to the need for continued restructuring, the chairman of

BMW, Bernd Fischer, recently said he was alarmed: "I worry that the economic upturn could spread the illusion that all our problems have been solved."

The conservative Bavarian company's current philosophy is to pretend the recovery did not exist.

"We need to continue to position ourselves as if we were in recession," said Walter Gloaguer, a spokesman, adding: "Even in big companies there

are sectors that are resistant to change."

Many large corporations are still trying to thin out their middle management, and manufacturing companies big and small are in the unpopular process of shifting labor-intensive production abroad, for example.

The only advantage of the recession, according to Mr. Schmidt of Deutsche Industriebank, "is that change can be

better absorbed in social terms."

The economic rebound helps a lot of companies solve their structural problems, but we still have to reduce our costs in Germany in order to become more competitive internationally," he said.

Mr. Sinn, the institute director, described the new recession nostalgia as a challenge for top managers.



MARKING THE TIME — A boy standing in front of Russian officers dressed in World War I uniforms as they listened Tuesday to a Divine Liturgy marking the beginning, 80 years ago, of the war in Moscow.

SERBS: A Warning From Belgrade

Continued from Page 1

sparked Bosnia's war 27 months ago. In the statement, the Serbian president demanded that the Bosnian Serbs accept the peace plan.

On Monday, however, the Bosnian Serbian Assembly rejected it, demanding that its authors first grant the breakaway Serb republic international recognition and make some changes in the proposed map of Bosnia. The contact group snubbed the new demands.

On Tuesday, the Bosnian Serbs announced that their assembly would reconvene Wednesday to decide whether they would hold a referendum on the peace plan.

The Serbs held a referendum in spring of last year to decide about the Vance-Owen plan. They voted it down.

Significantly, Mr. Milosevic's statement repeated an element present in Sunday's pronouncement: that the Bosnian Serb Republic had been recognized by the world community and that changes to the peace plan were possible.

Neither claim has been embraced by the five powers that drew up the map, and the Serbian president could be seeking to gain tacit recognition of those demands under the guise of pressuring the Serbs to accept the plan.

"If it is not enough that the Republic of Srpska exists," he said, "and that peace is offered on that basis, then you are on the way to committing a crime against your own people by rejecting that."

Drowning Record in Poland

Reuters

WARSAW — A total of 545 people, including 169 children, drowned in Poland during a blistering hot July.

STONES: Still Giving Satisfaction

Continued from Page 1

from "Let It Bleed" — a sassy and sultry R&B, though it degenerated into something of a mummy's play on stiffs.

Less impressive dust-offs were the pair from "Black and Blue," "Memory Motel," a wonderfully awful ballad powered by Mick Jagger, Piano Man, and "Hot Stuff," a groovy number intended to stomp the audience and the band. It was followed by a boisterous reading of Al Green's "Can't Get Next to You," which had the benefit of a hook, lyrics and a point of view, compared with "Hot Stuff's" riff-and-attitude.

Some of the Stones' new songs have a familiar comfort to them, as if they are drawn from a La Brea time pit: They included "You Got Me Rockin'," "I Go Wild," "Brand New Car" and "Love Is Strong" (out came the usual inflatable spookies, much stranger and spookier this time than the honky-tonk women of yore).

Some decades ago, Mick Jagger said he could not imagine singing "Satisfaction" at age 50. At 51, hey, hey, he sang it quite satisfactorily, though in truth, the full house took the pressure off by shouting along so loudly that Jagger could have simply mimed it.

Other vintage standouts included "Shattered," with some bracing vocals from Jagger, and the insinuatingly soulful "Beast of Burden." Still, the classics were what seemed to start the crowd up, from "Tumbling Dice" and "Satisfaction" to "Honky Tonk Women," which was accompanied by an Oscar-type montage that was decidedly funnier, and ruder, than television might allow. Set off by drummer Charlie Watts's cowbell beat, the song tumbled along into celebratory exhaustion.

The Stones' reviviscence sound, a bit muddy at first, soon cleared up and caught the subtle nuances of the rhythm section, the boisterous horns under the direction of the veteran Bobby Keys, Chuck Leavell's rolling piano rolls and Jagger's generally strong vocals.

Jagger himself proved inextinguishable as singer and showman, prowling the stage with reptilian energy, his loose-limbed strut as cocksure and canny as ever. He's the primal focal point, of course, though the band's deep groove and energy remain essentially undiluted despite the departure of bassist Bill Wyman. His replacement, Darryl Jones, seemed to bring a little more pop to his playing, and he worked in lock-rhythm with Watts, who remains the master of immutable simplicity and power. He's the propeller to the band's surprisingly plain music.

It's Keith Richards who is the Stone to the bone, of course, and his mere presence leads an authentic weight even to the band's weakest efforts. Richards, who traded the occasional bracing solo with Ron Wood but mostly worked the usual deep-pocket rhythm groove, acquitted himself vocally on the energized "Before They Make Me Run," but "The Worst" was yet to come.

If the raucous oldies provided the evening's magnetic resonance, the concert set by Mark Fisher provided an effective band shell, albeit one that looked like a cross between a futuristic industrial playground and a "Kiss of the Spider Woman" set. Occasionally dwarfed by the set, the Stones benefited from some outstanding, and often very clever, video support, a sort of live-mix music television program.

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Mr. Rosenman said he targeted young rock fans rather than the generation that recalls the 1969 concert because, "we're not in the business of doing re-creations."

"Woodstock is not a museum piece," he said. "This generation can only be offered a great rock and roll party. It's not about politics."

The canceled concert was the one pitched at wilted flower children. It was to have been held at Max Yasgur's farm in Bethel, about 60 miles from the Woodstock '94 site.

Organized by Sid Bernstein — the New York promoter who brought the Beatles to Shea Stadium and later promised the reunion that never happened — the Bethel show billed itself as the real 25th anniversary tribute.

But its audience was 25 years older than it had been in 1969.

"I wouldn't go back unless someone paid my way and flew me in a helicopter," said John Kohnst, 37, a Washington writer who attended the original festival with his older brother and wound up with a bad cold.

Woodstock '94 organizers say they are not yet worried about falling short of a sellout. Concert tickets often do not sell until the final days, Mr. Rosenman said.

But some young people say they would rather skip the live experience and watch the big show on pay-per-view TV. For \$49.95, the 23 million American homes connected to that system can watch all 28-plus hours of the concert — no mud, no traffic.

"No one to set your hair on fire, no one to spill Pepsi on you," said Jim English, senior vice president for programming of Viewer's Choice, the company marketing the cablecast. Mr. English expects to surpass the cable concert record, now held by "The Judds' Farewell Concert," which drew 250,000 homes.

"Young people are technology-minded, and they don't mind paying for television," Mr. English said.

Objections range from cost and convenience to a lurking suspicion that this festival is an effort by materialistic boomer promoters to force-feed young people a warmed-over Woodstock.

The event's commercialism also drew the ire of Michael Wadleigh, director of the 1970 documentary "Woodstock."

"This new one will be put on by the Establishment, for the Establishment," Mr. Wadleigh said in a recent Q&A session with users of the Prodigy online service. "I might as well go to a mall."

WOODSTOCK: Staying Home

Continued from Page 1

music conglomerate — have sold 150,000 tickets, but Monday they extended ticket sales and relaxed parking rules to spark interest in the festival. Instead of a minimum four-ticket package, rock fans now may buy tickets in pairs.

An impediment has been that kids have been perplexed about how to be their own travel agents," Mr. Rosenman said.

Cost is another problem: A ticket to Woodstock I cost \$18. This time, tickets run \$135. A Ticketmaster package including admission and bus service from, say, Baltimore costs \$252. (Bring your own tent, but no stakes. Promoters fear they could be wielded as weapons.)

Area hotels are charging \$200 and up per night for the festival weekend. The press rate at the Holiday Inn in Kingston, New York, is \$338.85 per night, check payable to Polygram Diversified Ventures.

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Caitlin Thomas, Wife of Dylan Thomas, Dies at 81

The Associated Press

LONDON — Caitlin Thomas, a boozing, bawling partner in marriage to the Welsh poet Dylan Thomas, has died at age 81.

Mrs. Thomas died Sunday in Catania, Italy, according to a daughter. The cause of her death was not announced.

She once described life with her husband as "raw, red bleeding meat," a torment of mutual infidelity. It was a famously discordant marriage, with infidelity on both sides and angry scenes in public. Dylan Thomas was notorious for extraordinarily bad behavior, from never

repaying debts to fouling walls and carpets of friends' homes.

He died in New York in 1953, collapsing after a night of heavy drinking in Greenwich Village.

"Ours was not a love story proper," Mrs. Thomas wrote in a memoir published in 1982. "It was more of a drink story. Predominantly a drink story because without the first aid of drink it could never have got on to its rocking feet."

Gilbert Le Coze, 49, Respected New York Chef

NEW YORK (NYT) — Gilbert Le Coze, a French-born

chef whose innovative ways with seafood at his Manhattan restaurant, Le Bernardin, influenced a generation of American cooks, died Thursday. He was 49 and lived in Manhattan. Mr. Le Coze had a heart attack while working out at a health club, said Eric Ripert, chef at Le Bernardin.

In addition to the restaurant in New York, Mr. Le Coze and his sister, Maguy, owned Brasserie Le Coze in the Coconut Grove section of Miami, and they recently opened another restaurant with the same name in Atlanta.

Reinaldo Povod, 34, the author of the plays "Cuba and His Teddy Bear" and "La Puta Vida Trilogy," died Saturday. He lived in Brooklyn. The cause of death was tuberculosis, according to a friend.

Rosa Chacel, 96, a Spanish writer of complex, intellectual novels and poetry, who was in exile during most of the Franco era, died Wednesday in Madrid of heart and lung failure.

Pierre Fongeron, 67, former president of Otis Elevator Co.'s Paris-based European and transcontinental operations, died Sunday in New York.

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Herald INTERNATIONAL Tribune

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Prosperity Requires Peace

While the world has grown much richer during the past generation, that new wealth has distributed itself very unevenly. Incomes have risen faster in the rich industrial democracies than in any region of the developing world except East Asia, where growth has been phenomenal. The poorest of the poor are still in South Asia, meaning India and its neighbors, but the performance there is quite promising. Income — to be precise, gross domestic product per capita — has nearly doubled in the past three decades, rising slightly faster than the worldwide average. The greatest cause for concern now is in sub-Saharan Africa, whose people are no richer today than they were in 1960.

Sub-Saharan Africa was growing a little more prosperous until the late 1970s, but since then a steady decline has taken back all of those gains. These figures come from the World Bank, which, as the largest source of development aid to poor countries, has been watching this process with dismay. The long slide in Africa has taken place despite the investment of billions of dollars in development loans and, even more important, many more billions in oil revenues. Nigeria, one of the world's leading oil exporters, is poorer today per capita than it was before the revolution in oil prices began in 1973.

A generation ago, the developing countries of East Asia were much poorer than

the sub-Saharan Africans. Now they are substantially richer, and rising fast. The reasons for that difference are the subject of much learned debate, but they seem to come down to four things.

• East Asia has been at peace during the past generation, while Africa has been entangled in a succession of wars. Most of the world's poorest countries, in Africa or anywhere else, are those in which there has been prolonged fighting.

• Next, East Asians have been efficient in holding down birthrates — sometimes, as in China, resorting to cruel methods of doing it — and Africans have not. Where wealth is measured per capita, rapid population growth explains some of the decline.

• The East Asians have done an extremely effective job of mass education, and now have large numbers of people ready to work in the advanced technologies. Africa has not, and does not.

• Finally, there is the doctrine of open and competitive markets — to which most African governments have come only belatedly.

If the gap between rich and poor is not to grow wider, the World Bank's development loans and advice will continue to be essential. But there are other necessities as well, beginning with good schooling and, above all else, peace.

— THE WASHINGTON POST.

No to Invading Haiti

If it persuades Haiti's military leaders to leave on their own, then Sunday's UN Security Council resolution authorizing a U.S.-led invasion will have done some good. The resolution contains no deadline, and the Clinton administration has no plans for an imminent military strike.

Perhaps only the threat of force will convince Haiti's top soldiers that they should depart. They viscerally oppose the social and economic changes that they believe President Jean-Bertrand Aristide would make if he returns. And they are reportedly profiting handsomely from the status quo.

But the threat to use force implies a willingness actually to use it if the military leaders hold fast, and an invasion of Haiti in present circumstances would be a big mistake. Meanwhile, the administration's strained interpretation of the UN Charter to classify the Haitian situation as a threat to regional peace and security damages the United Nations' legitimacy and invites trouble.

The resolution, orchestrated by Washington, envisions several countries taking part in any invasion, but the operation would remain under direct U.S. military and political control. Presumably, the Clinton administration will heed its constitutional duty and seek congressional approval, which it may not get. But even a properly authorized invasion would add to the long string of dubious U.S. military interventions in the Caribbean basin during the past century, including a 19-year occupation of Haiti itself.

Some of these actions had noble ends than others. But very few did any lasting good, and each poisoned U.S. relations with the rest of the Western Hemisphere. One of the two Latin American members of the Security Council, Brazil, abstained on Sunday, while nonmembers Mexico, Uruguay, Venezuela, and Cuba all spoke out against an invasion. The other Latin member, Argentina, voted "yes."

Even though Father Aristide implicitly endorsed the resolution, an invasion could weaken his domestic legitimacy

while diminishing Haiti's sovereignty. And despite plans to quickly hand off peacekeeping authority to a more broadly based UN force, an invasion would saddle the United States with political responsibility for controlling the violent vendettas that might erupt once the present repressive structure is dismantled.

To justify the use of UN force, Washington recklessly stretched the boundaries of what constitutes a threat to international peace and security under Chapter Seven of the UN Charter. Lieutenant General Raoul Cédras's violation of the pledges he made in the Governors Island agreements last year is legitimately an international issue. So is the tide of refugees and systematic violation of human rights. But none of these issues now rise to the threshold necessary to justify invasion. On many of the same grounds, Cuban émigrés might well lobby the Clinton administration to seek UN authorization for invading Cuba.

Having taken its lumps trying to be a world police force, the United Nations has now fallen into the unhealthy habit of licensing great-power spheres of influence. In recent weeks, the Security Council has commissioned France to send troops to Rwanda and endorsed Russia's "peacekeepers" in Georgia. Now the United States is authorized to lead an invasion of Haiti. Such crude power politics damages the United Nations' standing as an organization valuing the sovereignty of all its member states.

Licensing big-power armies was justified in cases like the Gulf War and the Korean War, where the necessary level of force could be supplied only by major military powers. But it is surely not justified in Haiti, with a 7,000-man regular army and a comparable number of lightly armed paramilitary troops.

The Clinton administration, under attack from critics on the left and right for alleged timidity in deploying U.S. military power, now reveals a dangerously low threshold for using force in Haiti.

— THE NEW YORK TIMES.

Other Comment

The Risks of Helping Rwanda

Americans should not pretend, as they once did in Somalia, that a humanitarian mission can be a feel-good, risk-free mission. In Rwanda there will be casualties, there will be ugly incidents. But what is at stake is another test of whether Americans will take on world leadership burdens no other country can remotely approach.

— The Baltimore Sun.

The Asian Traveler Pays

Travel [in Asia] will remain unnecessarily expensive so long as Asian airline policy remains guided more by national ego than by economic horse sense.

In a world economy fast moving toward multilateral agreements, air travel remains complicated by bilateral arrangements. A hypothetical Cathay Pacific flight from Manila to Hong Kong would require agreements with both Seoul and Manila; if Cathay were then to take the flight from Seoul to Los Angeles it would have to negotiate U.S. approval not only for the last leg but for the Hong Kong and Manila portions. The upshot of all this is a

Byzantine array of separate agreements. In Asia, the Orient Airline Association wants to take another look at these agreements, which it says unduly favor the Americans. What the OAA really wants is to renegotiate these agreements to restrict outside access to the region — with the hapless Asian air traveler footing the bill in the form of higher prices or taxes.

This, of course, is absurd. Just as every country cannot expect to have its own auto industry, every nation cannot hope to support a competitive airline. A 1993 Merrill Lynch study that compared the average cost per available seat-mile found that most Asian carriers had higher costs than their American counterparts. Nor can this be attributed to better service. Singapore Airlines' service is second to none, yet its costs were less than most U.S. airlines' — and Singapore itself operates perhaps the most open airport in the region.

Adam Smith would not be surprised to find airlines trying to protect themselves at the cost of everyone else. But he might be startled by the number of governments that let them get away with it.

— Far Eastern Economic Review (Hong Kong).

The Rwanda Massacres Should Have Been Prevented

By Milton Leitenberg

COLLEGE PARK, Maryland — The organized massacres in Rwanda began on April 6. A 2,500-member United Nations observer force was present at the time, but without Chapter Seven authorization to use force.

Chapter Seven of the UN Charter allows "such action as may be necessary" to respond to any "threat to the peace, breach of peace, or act of aggression."

From the moment the massacres began — committed mostly by Hutu militia against the Tutsi minority and the moderate Hutu opposition — the disaster still unfolding in Rwanda has been a case study of international failure.

Without the mandate to act under Chapter Seven, what is the United Nations' purpose in Rwanda? How can the international community respond in the future to crises on this scale?

The United Nations has authorized the use of force sparingly — in the Korean War, in the Congo, for the U.S.-led coalition that fought Iraq after it invaded Kuwait, for the U.S.-led forces in Somalia and the UN troops who replaced them. Force is also authorized for some of the missions that the United Nations has been assigned in the former Yugoslavia, although it has rarely been used.

Such a consensus has failed to develop behind military intervention in Rwanda. After Belgium decided in mid-April to recall its 440 troops from the UN observer force, when 10 of its soldiers were killed by Hutu extremists, the remaining troops stayed in their barracks.

The UN secretary-general, Boutros Boutros Ghali, recommended to the Security Council that the entire observer force be withdrawn. Such a retreat was considered to be too great an embarrassment, so the Security Council voted to allow 270 troops to remain.

The Organization of African Unity criticized the UN decision to withdraw all but a symbolic force as "a sign of indifference or lack of sufficient concern" for Africans. Yet not a single Afri-

can state sent new or additional troops to Rwanda, except for a Senegalese unit that joined the French forces.

Soon after the killing began, estimates of those massacred reached 50,000. By April 29, three weeks after the killing started, Mr. Boutros Ghali reported that 200,000 people had been killed.

At this point, having reversed his recommendation of early April to withdraw the peacekeeping troops, he asked for Security Council approval of a plan

Until the great powers in the Security Council are willing to act together, there will continue to be after-the-fact hand-wringing and emergency aid efforts.

to send in 5,500 additional troops, still without the provision to use force. It was understood by all that it would take months for the troops to be raised, equipped and actually deployed.

Again, Security Council members from African countries and other developing nations favored more forceful action. But the United States opposed the secretary-general's proposal, and no African nation volunteered troops. A resolution was not passed until May 17, by which time senior aid officials in Rwanda were quoting a figure of half a million dead.

The major reason for U.S. opposition was President Bill Clinton's admonition that the United Nations had to learn "when to say 'no.'" The United States, the administration warned, would agree to UN-authorized troops only under certain conditions, demanding to know in

advance, for example, who would contribute the troops, where they would be deployed and what their roles would be.

But another reason was cost. The United States would have to bear some 30 percent of the eventual expense for any new peacekeeping deployment, while already deep in debt for past assessments.

On May 25, Mr. Boutros Ghali announced his failure to raise contributions of military forces from UN members. The U.S. government had instructed its spokesmen not to label the deaths in Rwanda as genocide, since doing so would have made it harder to stand aside and watch the slaughter continue.

Two days later, President Clinton met with Mr. Boutros Ghali and declined to commit any U.S. troops.

On June 3, the leaders of 14 African states, stung by Mr. Boutros Ghali's remark that the situation was "a scandal," offered to send troops contingents — at some indefinite time, after they were armed and supplied by Security Council members.

For its part, the U.S. Defense Department consumed weeks in disputing with the United Nations the level of repayment that it should receive for supplying 50 armored personnel carriers. In mid-June, the department was still demanding that the United States be reimbursed \$15 million for shipping spare parts and equipment to and from Rwanda. The vehicles did not arrive until mid-July.

Estimates of the dead had now reached 500,000 to 800,000.

On July 20, with a cholera epidemic spreading among the 1.2 million refugees who fled into Zaire after the victory of the Tutsi-dominated Rwanda Patriotic Front, the Clinton administration announced that 4,000 U.S. troops would join the relief effort — but only for humanitarian aid, not for peacekeeping.

Last Friday, Mr. Clinton asked Congress for \$320 million to help the refugees. UN officials were faced with deciding whether it was safe to urge the refugees to return to Rwanda and whether

er a costly repatriation effort would divert resources from the camps in Zaire.

All of this, four months after the catastrophe in the first place, proves the necessity for a new UN policy on catastrophic deaths of civilians. The United Nations should adopt automatic thresholds of civilian casualties that would compel deployment of large multinational forces within a matter of days.

There are two circumstances in which this should be considered a mandatory requirement: outright massacres of civilian populations, and premeditated actions that lead to large-scale civilian starvation during war or armed conflict.

Any deployment would have to take place under Chapter Seven, giving the troops the mandate to use deadly force without waiting for the approval of the combatants or of the government in power. Two sides warring for power or slaughtering their own populations will not suddenly agree to invite in UN forces.

The UN observer mission that was in Rwanda when the killing started should have been supported immediately by substantial reinforcements from other nations. And the Security Council should quickly have authorized it to use force. Nations that feared France's motives could have resolved such doubts by joining the French in contingents of equal size.

Until the great powers in the Security Council are willing to act together, and to absorb comparatively small numbers of casualties to prevent the large-scale slaughter of innocent people, there will continue to be after-the-fact hand-wringing and emergency aid efforts. Again it will have been too late for everything except the grief.

The writer, a senior scholar at the Center for International and Security Studies at the University of Maryland, is preparing a book on humanitarian intervention. He contributed this comment to The New York Times.

The New Challenge Is Dogged Advance Work to Prevent Chaos

By J. Brian Atwood

The writer is administrator of the U.S. Agency for International Development.

WASHINGTON — Bosnia, Haiti, Rwanda — these troubling and unique crises in disparate regions of the globe share a common thread. They are the dark manifestations of a strategic threat that increasingly defines America's foreign policy challenge. Disintegrating societies and failed states with their civil conflicts and destabilizing refugee flows have emerged as the greatest menace to global stability.

Containment of communism defined America's national security policy for nearly half a century. A previous generation of Americans built new institutions, alliances and strategies in the wake of World War II to meet the demands of that era. Now we must forge the tools and policies needed to meet a threat that can best be summarized by the word "chaos." It is a threat that demands a response far more complex than the zero-sum arithmetic of the Cold War.

Increasingly, we are confronted by countries without leadership, without order, without governance itself. The pyre of failed states is being fired by common fuels: long-simmering ethnic, religious and territorial disputes; proliferating military stockpiles built dangerously high during the Cold War; endemic poverty; rapid population growth; food insecurity; environmental degradation; and unstable and undemocratic governments.

Pre-crisis Rwanda was the most densely populated nation in Africa; per capita food production was in decline, land was in dispute and political power was jealously guarded. Extremists exploited those volatile conditions, precipitating the orgy of genocidal violence that ensued.

The horror of Rwanda is but the latest of the many faces of chaos.

The debate over this tragedy has led us to ask critical questions about the nature and speed of our response. Was it too

little, too late? Is United Nations machinery adequate to handle disasters of this magnitude? Should we have sent peacekeepers into a civil war?

These questions are inevitable in a democracy, and they are important. But they deal with response to crisis, not with any efforts to prevent it. If we do not question our collective responsibility to treat the causes of such social implosions, we are doomed to a future of ever escalating global trauma.

Failed states and the misery they create are extracting an unprecedented price. The international community spent more on peacekeeping operations in 1993 than in the previous 48 years combined. In that same year, investments in development declined by 8 percent. Reversing this trend — and reducing the security risks, human suffering and economic losses it represents — will require a much greater emphasis on prevention.

This effort is already under way. The Clinton administration has made crisis prevention a central theme of its foreign policy. The UN secretary-general has embraced the need for preventive diplomacy. Our common objective is clear: to help societies build the capacity to deal with the social, economic and political forces that threaten to tear them apart.

The building blocks of a successful Cold War foreign policy were military alliances, nuclear deterrence, international organizations and a body of international law that formed a framework for cooperation, dispute resolution and interstate relations. Geostategic considerations dominated the policy approach, and relative power, measured in econom-

ic, political and military terms, was a constant measure of success.

This system and those considerations cannot be abandoned overnight, nor should they be. But we are in a transition period. We are just beginning to wrestle with the necessities, and the frustrations, of multilateral diplomacy.

A highly dynamic and increasingly independent set of nongovernmental variables — information and financial flows, international citizen networks, proliferating and accessible weapons of war, and millions of migrating people — are challenging our analytical capacity and undermining traditional diplomacy. We are still in the process of defining the elements required to combat the new, multidimensional threats.

Some of the components are clear. We cannot prevent failed states with a top-down approach. No amount of international resources or organizational capacity can serve as a substitute for building stable, pluralist societies. New partnerships and new tools are needed to

strengthen the indigenous capacity of people to manage and resolve conflict within their own societies.

Technology should be better exploited and shared to empower individuals and enhance the networking of nongovernmental groups, increase food supplies, slow population growth and preserve natural resources. Sustainable development that creates chains of enterprise, respects the environment and enlarges the range of freedom and opportunity over generations should be pursued as the principle antidote to social disarray.

Finally, we need to acquire a quality that we Americans are not known for — patience. We will not transform societies overnight. Dramatic victories will be rare and setbacks common. Consensus building and development require long-term commitments and staying power. These are the techniques of crisis prevention, and our political system will have to accommodate them, or we will fail in these endeavors.

The Washington Post.

VERY little new money and hardly any new commodities are being brought to bear on the Rwanda disaster.

A favorite bureaucratic tactic is to rob Peter to pay Paul. A claimed \$40 million worth of U.S. food aid for Rwandans was diverted from such places in need as Mozambique, Somalia, Ethiopia and Sudan. The World Food Program will have to replace these commodities; but shipping lanes are long and delays of many months are sure to follow.

There is also the matter of the AID disaster assessment and response team taking two months to get fully operational in the region. Yet the Rwanda tragedy was foreseen last September, when Burundi's first Hutu president was assassinated, along with several members of his cabinet, and a massacre of 50,000 to 100,000 people ensued. Now the worst has happened. Where was AID's early warning system? Why did coordinating a U.S. response take more than three months? Why is it so paltry?

The Office of Foreign Disaster Assistance is losing stature as America's humanitarian face abroad. Partly this is due to money (there is little available, always too little for Africa), politics (spheres of influence, aversion to foreign aid) and cynicism ("What, again?"). But mostly it involves a need to break out of bureaucratic molds and put victims first rather than last in the aid equation.

— Richard M. Walden (Los Angeles Times).

In Sri Lanka, the Majority May Have Had Enough of Civil War

By James Manor

COLOMBO — For more than a decade, Sri Lankan politics has alternated between horror and misery. There has been war between the Sinhalese majority and the Tamil minority, terrorism by the state and both ethnic groups, pogroms, death squads, massacres, assassinations and many other abuses.

Sri Lanka's democratic traditions have been flouted. Elections since 1982 have been marked by fraud, thuggery, flagrant persecution of opposition parties and intimidation of voters.

To make matters worse, every important political force has long been locked into a position that discouraged any hope of change. The government and the Tamil Tiger guerrillas have stubbornly bled each other to a standstill in an unwinnable war. Leaders of the governing United National Party have taken an extreme anti-Tamil line, believing their Sinhalese constituents to be such committed chauvinists that they would always prefer war to accommodation.

For a long time, there were few signs to the contrary from the majority community. Politicians of the ruling party have diverted government resources into their own pockets and developed gangs of toughs who commandeer property and bully opponents. Opposition parties have been fragmented and ineffectual. There seemed no way out of this situation — until recently.

In March, the governing party faced an alliance of opposition parties in a regional council election in the Southern Province. The opposition was led by Chandrika Kumaratunga, who was representing her ailing mother, former Prime Minister Sirimavo

Bandaranaike. Mrs. Kumaratunga ran as the representative of a new generation of politicians, eager to overturn the corrupt, brutish ways of the ruling party. She appealed to the war-weary Sinhalese voters and argued that compromises with the Tamil minority and an end to armed conflict were essential. She was opposed by an aging president who clung to the time-honored tactic of Tamil-bashing.

To the astonishment of many, the opposition won handily. Its success needs to be kept in perspective. The Southern Province harbors special grievances against the government. It was there in the late 1980s that security forces and death squads were most flagrantly indiscriminate in their slaughter of young people suspected, often wrongly, of favoring the anti-government insurgency. Nonetheless, Mrs. Kumaratunga's victory suggests that Sinhalese extremism, which the government has long used to maintain popularity, may have lost its appeal.

President D. B. Wijetunga, who could wield immense power in Sri Lanka's French-style political system, has responded by calling a parliamentary election for Aug. 16, six months ahead of schedule. Many observers believe that if this election is fair, the opposition alliance, which Mrs. Kumaratunga continues to lead while her mother recovers from surgery, could gain a majority.

Resentment at the government's sorry record is compounded by depressed prices for tea and food crops. This has created widespread anger among small farmers, a sizable group of voters. The desperation of the governing party and its willingness to engage in chicanery should not be underestimated. But there are good reasons to think that the election may be largely fair.

President Wijetunga appears to lack the organizational skill to coordinate an effective operation to intimidate opposition parties and voters, or to rig the result. His predecessor, Ranasinghe Premadasa, assassinated in May 1993, was a master at this game, but he chose Mr. Wijetunga as his No. 2 because he was too ineffectual to become a threat.

The security forces, and most crucially the police, seem unwilling to permit the ruling party to use strong-arm tactics this time. Opposition parties have assured them that they will not be victimized after the election for the misdeeds of the old regime. Such promises in the recent Southern Province poll secured the neutrality of the police.

Finally, the election commissioner who oversees the process has a reputation as an effective, responsible civil servant. He has assembled an international team of observers that includes people who will not be easily hoodwinked. This is an important change from the last election.

Even if the election this month is fair and the opposition prevails, uncertainties will remain. The strong executive presidency and Parliament will be controlled by rival parties, at least until a presidential election in November. This could prove dangerous, although the apparent willingness of both major parties to reduce

the powers of the presidency may ease things.

Opposition activists, who have taken a frightful pounding from the governing party for 17 years, will want retribution. The last time a government changed, in 1977, the victors took savage revenge. Mrs. Bandaranaike was hounded through the courts and stripped of her civil rights. Restraint this time will be hard.

Negotiating a durable peace with the obdurate Tamil Tigers is likely to be even more difficult. The day will come when major concessions to Hindu Tamils have to be sold to the Sinhalese

majority. When it does, their belief that Buddha charged them with the task of maintaining the island as a sacred rebud for the faith may impede reconciliation. Sri Lanka's troubles are not over. But for the first time in more than a decade there is hope that the island may return to its democratic traditions and that terror, hate and war will no longer dominate its politics.

The writer, director of the Institute of Commonwealth Studies at the University of London, contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Assassin in Dock

PARIS — Santo Jeronimo Caserio, the assassin of M. Carnot, President of the French Republic, appeared in the dock yesterday [Aug. 2] at Lyons, to answer for his crime. When all had taken their places the president began the examination of the prisoner, who replied without any of that bravado which has distinguished other notorious anarchists.

1919: Stockings Still

NEW YORK — The first young woman to avail herself of the opportunity to walk stockinged into any of the fashionable New York hotel dining-rooms made her way to a table in the Plaza, crossed her knees in true Parisian style and ordered a sandwich. A waiter, quite as blasé as she, walked to her table and whispered something to her. "What?"

she said "it's being done, sir!" "Not here!" replied the head waiter, "this is the Plaza Hotel."

1944: U.S. Hit General

SUPREME HEADQUARTERS Allied Expeditionary Force — [From our New York edition:] The death in Normandy on July 25 of Lieutenant General Lesley J. McNair, former commander of United States Army ground forces, was caused by a bomb dropped by an American plane in the jumping-off attack at St. Lo, supreme headquarters revealed today [Aug. 2]. It was announced at first that General McNair had been killed by enemy action. The rumor soon spread, however, that he had been the victim of "short" bombing by American planes. Knowledge of this was vigorously denied by air press representatives and continued to be denied tonight.

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OPINION

Rwanda as Seen From the Moon

By Gideon Rafael

JERUSALEM — These have been momentous days. A man-made tidal wave of unspeakable ferocity is engulfing millions in Africa. Along the Jordan River, meanwhile, peace bells ring. Yet in Buenos Aires and London, vicious explosions, set off by enemies of peace, leave us stunned. Amid all this, we have been celebrating man's first landing on the moon, 25 years ago, with a lingering sense of awe.

The immensity of the Rwandan catastrophe registered slowly in the world's capitals. Governments were still nursing wounds suffered in earlier attempts to provide succor or bring peace. Caught off guard by the extraordinary dimensions of massacre and pestilence, they moved hesitantly. In the face of a savage tribal rampage, other African countries offered little concrete assistance to their Rwandan brothers. The United Nations restricted itself to the role of a commiserating bystander.

The relief operation began to gather serious momentum only after President Bill Clinton gave the signal for a massive effort.

But by then, hundreds of thousands of people had perished, and others, survivors of the monstrous killings, sat scattered and scarred on the barren volcanic ground, succumbing, hollow-eyed and resigned, without food, water, shelter or medicine, to epidemic and exhaustion.

Never had the world witnessed such infernal scenes as television brought us from Rwanda. Never had the ordinary citizen seen such overpowering pictures of fear, pain, disease and death on so horrifying a scale.

How could this carnage be tolerated? Why didn't the powers anticipate the terrible result of the war? Could the Organization of African Unity not have rushed an intervention force to the scene? The slaughter, after all, was not perpetrated behind an impenetrable veil.

Another tragedy of cataclysmic dimensions occurred in Europe, of course, when millions of Jews were incinerated in the ovens of Nazi death camps. This, too, was met with international lethargy. But the excuse then was that the Allies were fighting the Nazi monster, and little

was known of the "Final Solution."

The East-West rivalry left African leaders with an exaggerated sense of importance. It induced them to maneuver between the superpowers while neglecting to put their own houses in order. Habitually they dismissed foreign criticism as racialism. This led foreign states to adopt an attitude of benign neglect.

Now is not the time for mutual recrimination, however, for wringing of hands and pious exhortations. The disaster that is Rwanda is the direst of human emergencies. Several steps are urgently needed:

• Let the United Nations proclaim global mobilization for a War for Life. Relevant UN special agencies, including the World Health Organization, the Food and Agriculture Organization, Unicef and the Office of Disaster Relief, as well as voluntary organizations, must be called on for total involvement.

• Ill and abandoned children, lying stricken on the ground or wandering aimlessly in search of lost relatives, urgently need to be moved from their contaminated surroundings to shelters elsewhere. Unicef and the International Committee of the Red Cross should be authorized, financed and equipped to move the children to countries ready to receive them. The organizations should establish reception camps, homes and orphanages, assisted by the governments of host countries.

A special Save the Children of Rwanda Fund should be launched.

• Humanitarian compassion must be backed by effective military measures to maintain peace and security. One lesson of Rwanda is that the international community needs a standby rapid relief force composed of specially trained and equipped units from participating countries. It should have easy access to relief supplies and be able to move quickly to a crisis zone.

Such a force does not yet exist, so African peacekeepers should be rushed to Rwanda. Non-African forces are needed, too, following the French and American example. Refugees will return to Rwanda only when assured by the presence

of credible international protection.

• The Cold War years demonstrated that a clearly drawn strategic trip wire does deter potential aggressors. The world community must draw a line against excesses of inhumanity that would trigger a powerful international reaction. Humanity has as much right to collective self-defense as do individual states.

While a cloud of depravity and destruction hovers over the heart of Africa, a new dawn begins to brighten the Middle Eastern sky.

The Israel-Jordan agreement signed on the White House lawn extends the prospective area of peace in the Middle East from the upper reaches of the Nile to the frontiers of Iraq. It is a major step toward the final settlement of the Arab-Israeli conflict. A beacon of light to the peoples on both sides of the Jordan River, it testifies to the depth of American commitment to the destinies of the region.

To complete the structure of peace, a sustained effort will be needed. All sides must be prepared for mutual accommodation, helped by active American involvement. The fair implementation of the Israeli-Palestinian leg of the peace will shore up the recent Washington agreement. Accelerated progress on the Syrian-Israeli track will bring a comprehensive Arab-Israeli peace nearer still.

The region, however, remains one of the world's most dangerous storm centers. Sudden gusts have blown away many promising blueprints, and their designers. Pledges in this region are not known for their durability. Rewards for their observance must be attractive, but they must not be premature.

Relations between the Hashemite kingdom of Jordan and the leadership of Israel had long been a surreptitious romance, progressing by installments. For years King Hussein tested the waters but hesitated to take the final plunge. But in Washington he did so splendidly, in the presence of President Clinton, Prime Minister Yitzhak Rabin and Foreign Minister Shimon Peres of Israel, and a distinguished audience.

The present darkness in the heart of Africa and the new dawn in the



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Middle East coincide with the commemoration of man's first landing on the moon. It was, indeed, a giant step in the history of human audacity, an unsurpassed achievement of scientific prowess, governmental resolve and dedicated workmanship.

It revealed the moon's daring discoverers the barrenness of outer space and the earth's position as a speck in an infinite universe.

It brought nearer the realization of mankind's age-old dream to reach to the stars. But the view from the moon also offered a new perspective of our planet, more than two-thirds of its surface covered with water and uninhabitable deserts, its population compressed in the remainder.

This sight, televised to earth, created a new sense of proportion. It is quite different from the perspective we have on earth, where a small hand held before man's eyes

conceals the highest mountain.

The moon landing, the horror of Rwanda and the new dawn in the Middle East have something in common: the capacity of humanity to rise to incredible heights by mustering its willpower, ingenuity and resources, and to descend to abyssal depths of depraved inhumanity when losing its moral bearings.

Humankind, in the throes of distress and disarray, must take a giant step on earth to lift its inhabitants from the scourges of strife, anguish and misery. Rwanda is a warning signal, the Middle East a signpost of hope and the men on the moon proud testimony that the impossible can be done.

The writer is a former director general of the Israeli Foreign Ministry and ambassador to the United Nations. He contributed this comment to the International Herald Tribune.

Electric Cars Cut Through The Big-Oil Smokescreen

By Noel Perrin

THEFTOR CENTER, Vermont — In 1998, the state of New York is to join California, Maine and Massachusetts in requiring automakers to begin selling electric cars. Not many — just 2 percent of the cars a manufacturer sells in the state that year. But that is still too many for the oil companies, which don't want to lose any part of their gasoline market.

In their campaign to prevent the New York regulations from going

zap per buyer of gasoline cars drops to \$204. But never mind the math. The whole premise is absurd.

Take my electric Audi, my beautiful, steel-gray commuter car. Last year I paid \$10,250 for it. I can and do drive to work in it, zipping down the interstate at 60 miles (95 kilometers) an hour.

True, I can't drive very far — about 45 miles before recharging overnight. But that gives me enough power for short trips around town, and the cost of recharging is negligible. No one has given me a subsidy.

Granted, mine is an old Audi, built in 1983 and converted to electric in 1992 — not by me. But it is unlikely that I could find a 1983 gasoline Audi in perfect order for \$250.

Or take the current stock in trade of Green Motorworks, an electric car dealer in southern California. Its cars start at \$9,995.

But Mobil isn't talking about used electric cars or about converted gasoline cars like my Audi, or like the Electric Leopard at Green Motorworks. It is talking about new electric cars, built from scratch in 1998. It is claiming that they will cost from \$10,000 to \$27,000 more than comparable cars with combustion engines.

Can this really be true for a car that is simpler in design? One that does not yet enjoy the economic advantages of mass production but will be before 1998?

Compare a gasoline engine and an electric motor sometime and see which has more moving parts. Consider which vehicle needs a catalytic converter on the tailpipe — and which one needs a tailpipe at all, or a muffler, or a fan belt, or antifreeze, or motor oil.

Oh, I admit the oil companies are getting some support from Detroit. There is a man at Ford, and a very high-ranking one, who says that a decent electric car would cost \$100,000 to build. Chrysler is selling a few electric vans right now. The price: \$100,000 each. Scary.

But Detroit is not the only place where cars are built. There is France, for example.

Both Renault and Peugeot Citroën will begin production of electric cars next year. Peugeot Citroën plans an initial run of 10,000 cars. Now listen to Jean-Yves Helmer, the head of Peugeot's car division.

"The production cost of an electric car is lower than a standard car," he said in an interview in Automotive News this spring.

Mr. Helmer expects to be selling electric Peugeots and Citroëns in France next year for \$10,700. He thinks he could price them the same in the United States. What about the scare-fures thrown around by Mobil and Ford and Chrysler?

"Their cost estimates seem to be highly inflated," he says politely.

And an electric Peugeot at \$10,700 is still not going to be the cheapest electric vehicle in the world. A company in Taiwan expects to be making and selling an electric car for just under \$5,000 (I admit it is a small vehicle — about the size of a golf cart.)

So whom to believe? The oil companies with their dark predictions? Or Mr. Helmer, who will be selling inexpensive electric cars next year?

The writer teaches environmental studies at Dartmouth College. He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Invading Haiti Won't Help

As the former U.S. ambassador to the European headquarters of the United Nations and an international human rights activist for 30 years, I fail to understand the American-led push for outside military intervention in Haiti.

There are many human rights tragedies worldwide which, in their magnitude and severity, exceed the dire circumstances in Haiti. The United States has recently extended its hand to many oppressors: Vietnam, China (on trade), North Korea — the list is long. Certainly it would never risk the lives of American soldiers to redress human rights violations even in such critical areas.

Some argue that the United States did so recently in Grenada and Panama. But in Grenada, a super-bomber airfield was under construction with Soviet help. In Panama, protection of the Canal is a continuing and vital interest.

True, Woodrow Wilson, one of America's most idealistic presidents,

sent the marines to Haiti in 1915, and they remained there until 1934. But they were dispatched in the midst of German military victories in Europe and at a time when the Kaiser was displaying interest in the Western Hemisphere.

"The Encyclopedia Britannica attributes the Haitian invasion to circumstances within that country which were 'an invitation to European intervention' in breach of the Monroe Doctrine. In particular, 'the U.S. government suspected Germany, especially, of a desire to build up its influence in Haiti, possibly with a view to acquiring Môle Saint-Nicolas [a port] ... which several other foreign powers coveted as a strategic position of great importance.'"

Nor is there any reason to invade to stem the flow of refugees (no one would think of doing the same to Mexico or China).

So there is no reason to invade Haiti, either by American action alone or under a UN disguise.

MORRIS B. ABRAM, Geneva.

The Voices of Taiwan

Reading the New York Times editorial "Taiwan Deserves Respect" (Opinion, July 16), was both exciting and humbling for me and undoubtedly for many other Taiwanese residing in the United States.

It was exciting to see respected publications like The New York Times and the International Herald Tribune openly acknowledge the plight of Taiwan's diplomatic isolation and boldly call for Taiwan's representation in regional as well as international organizations. It was humbling because my land — a nation of 21 million peace-loving people, with a democratically elected government and the 20th largest economy in the world — remains an outcast of the global community.

Although China's "bellicose opposition" to Taiwan's representation in international organizations may be an obstacle for Taiwan in achieving international recognition, the main obstacle is the inability of the ruling Nationalist government of Taiwan to face reality. The myth of "one China" continues to haunt the people of Taiwan. Until Taiwan's government goes beyond denigrating itself as a "separate political entity" from China and seeks international recognition as an independent sovereign nation apart from China, the voices of Taiwan's people will never be heard in an international forum.

The Clinton administration has kowtowed one too many times to the Communist Chinese — from disregarding human rights and extending China's most-favored-nation trade status, to bowing to Beijing's pressure by not allowing the democratically elected president of Taiwan to stay overnight on American soil. If the administration continues to bend to China's threats and pressure, it will one day find itself without influence in Asian-Pacific affairs. The administration must regain its moral imperative, leadership and respect. A step in the right direction would be to stand up and lead the fight for

representation of Taiwan in the international community.

EDGAR S. LIN, Washington.

Doing Business in Russia

Regarding "Russia: Not for the Timid" (Business/Finance, June 21):

Rather than experiencing a money supply that "pours in" from the West, Russian companies are forced to borrow money from domestic sources at interest rates of around 40 percent a year (correcting for inflation). This results from the domestic banking industry's focus on non-credit services, but more importantly, it seriously weakens the position of Russian firms when they form partnerships and make purchases. The staggering cost of credit renders them uncompetitive.

I am a legal adviser for a Russian-American law firm with a large Russian client in St. Petersburg. This client, despite a good credit record and impressive sales figures and prof-

it margins, is forced to spend the bulk of its time pursuing creative acquisitions and buying property to establish collateral — a waste of energy.

HOLDEN STEIN, St. Petersburg.

Offended by an Honor

Regarding the headline in your July 29 issue, "Pope Offends Jews by Granting Waldheim a Knighthood": Surely it is not only Jews who are offended.

R. J. MCCARTHY, Paris.

Candor and Confidence

Anthony Lewis's "Wrong, and They Don't Apologize" (Opinion, July 19) is most commendable. It would indeed help enhance reader confidence, somewhat fragile in this period of uncertainty, if the regular press were absolutely candid about its occasional errors.

MONTAGUE MARCH, Geneva.

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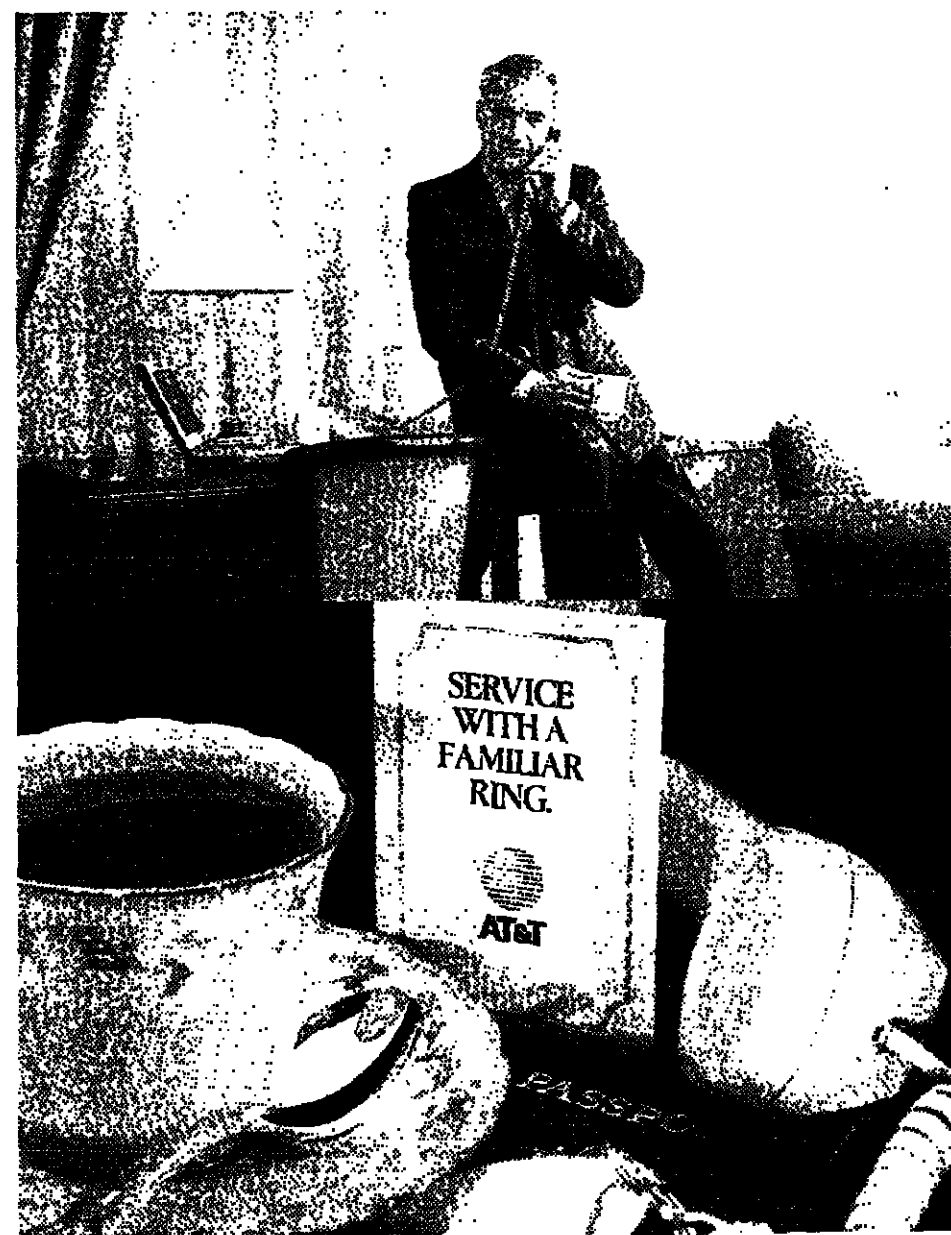
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'Lady From the Sea': A Lack of Grandeur

By Sheridan Morley
International Herald Tribune

LONDON — "The Lady From the Sea" has always been the uncast-est of Ibsen: none of the feral power of "Ghosts," no epic like "Peer Gynt," no stunning central figure like "Brand" or "Enemy of the People," no clenching drama like "Ghosts" or "A Doll's House." Just an unhappily married second wife trying to decide whether or not to run off to sea with a mysterious sailor, and agreeing finally not to do so only when she is told that she may.

Feminism is here, of course, and the power of the sea, and the sexual imperative, but all in such dramatically formless shape that neither Lindsay Posner's drowsy production nor Josette Simon's

BRITISH THEATER

powerful but wildly miscast central performance can kick this show to life on the stage of the Lyric Hammersmith from the West Yorkshire Playhouse, where a mis-conceived staging first was seen.

By all accounts, Eleanor Duse made this one work around the turn of the century, and Vanessa Redgrave once managed it, but "Lady From the Sea" requires a kind of manic grandeur, with Elida Wang as a female Captain Alab forever hoping to see there maybe something unobtainable on land. The more you try to make the play make sense, the less it does. You have to go with the flow, unlike this production which fatally tries to root itself in some kind of 1880s Norwegian reality, only to find a lot of symbols where the characters should be standing.

Not since Tommy Steele first opened "Half a Sixpence" (more than 30 years here) has there been a more engaging, energetic star debut in a London musical than that of Peter Duncan in "The Card" at the Open Air in Regent's Park. This, too, derives from a best-seller of the 1920s, by Arnold Bennett rather than H. G. Wells, and this, too, had been around a bit. "The Card" as a movie confirmed the reputation of Alec Guinness in 1949, and the musical made stars of Jim Dale, Millicent Martin and Marti Webb in 1973.

What it didn't make then was much at

the box office, but its loving and under-terred producer Cameron Mackintosh has now commissioned (from Anthony Drewe) a new set of lyrics, and for the Park, Ian Talbot has given it a lively new production that emphasizes the show's origins and brings back a great Tony Hatch/Waterhouse & Hall celebration.

Like "Cinderella" and "My Fair Lady" and all the best fairy tales, "The Card" is about someone going to a ball, in this case Denry Machin, the local boy made good who is the card of the title, a likely lad for whom no moneymaking scheme can ever be resisted. Set in the Five Towns of the Potteries, on a set literally made of broken pottery, "The Card" has always had a plot that lurched along, with much of it taking place on board ship as the finale is about to begin.

The second half of the score is almost entirely reprises, and elsewhere almost nothing happens, very slowly. Yet, in first-half showstopper after showstopper, "The Card" establishes its lilting, lyrical charm. Not only the starchy Duncan but Jessica Martin and Jenna Russell as his girlfriends, and Hayley Mills as the softly spoken countess who comes to his financial rescue, are wonderfully in tune with a period piece that stunningly reasserts the supremacy of the small-scale, book-based musical.

Noël Coward and Cole Porter were both born toward the end of the last century, eight years and several worlds apart. Both were gay and looked for most of their lives like very well-preserved old Chinese character actors. Both wrote the words and the music. Both wrote of London and Paris and New York, and of formidable dowagers. Both were largely self-taught about everything, music included, and what set them apart from their contemporaries was a Sondheimesque belief that the lyrics rather than the music should come first. In photographs they were looks of clenched amusement, and they were agiles because those who hug life to them, though they grow older, never grow old. They were the playboys of their Western worlds.

But then there was the pain. Listen hard to their lyrics, look below the apparently jolly top key of their songs, and you will hear another voice, that of the emotional outsider who could never quite find love.

Coward and Porter are currently being celebrated at Chichester in a cabaret-concert called "Let's Do It."



After its production of the "Ring," the Wagner festival presented "Der Fliegende Holländer" with Bernd Weikl and Sabine Haas Tuesday.

In Bayreuth, an Uneven and Unusual 'Ring'

By Edward Rothstein
New York Times Service

BAYREUTH, Germany — What a peculiar production of Wagner's "Ring des Nibelungen" this has been at Bayreuth. It wasn't until "Götterdämmerung" was performed on Sunday night that the director, Alfred Kirchner, and the designer, billed only as Rosalie, gave the slightest inkling that they had any knowledge of how to design a coherent evening of opera. This was the only work in the tetralogy that had a focus and style, and the only one that worked without swerving into gimmickry and miscellany.

And it did so not by being avant-garde but by finally settling on one of the intermittent virtues of the production so far: using an abstract, simple set — a domed floor and black background — against which the characters play out their fates. The one innovation was having Hagen (menacingly sung by Eric Halfonson) become a passive lump of a man as his dream image of Alberich spurred him to villainy. Otherwise convention ruled, starkly and strikingly executed.

Moreover, this worked despite the fact

that most of the singing was not particularly distinguished. Wolfgang Schmidt almost turned Siegfried into a character part, but moved more naturally on the stage than his voice did on the musical staff, and Deborah Polaski's Brinnhilde, with some strong moments, suffered from the same weaknesses she has displayed throughout this cycle: an unsteady top, edgy tone and broken phrasing. Falk Struckmann's Gunther and Anna Lindner's Gutrune were merely average. The veteran Hanna Schwarz was more impressive as Waltraute, suffering some intonation problems but proving to be a supple interpreter and fierce proponent of the gods' needs. James Levine's conducting was the most cogent and focused of the entire cycle.

If in succeeding years the directorial team refines this production, as is the usual practice here at the Festspielhaus, they have two choices: to make this a nihilistic comic "Ring" by expanding the approach they used in "Das Rheingold," or to try for a well-designed traditional "Ring" by stripping away gratuitous sets and gestures from the first three works and basing the production on the ideas in "Götterdämmerung." This is not a casual choice.

Indeed, Bayreuth itself may be at a point

of transition. For despite the important insights in Patrice Chéreau's 1976 "Ring" production (which started a mini-tradition at Bayreuth), experimental productions may now have run their course; it is all too easy to predict the attitudes and interpretations of the "Ring" that are considered "advanced." Casting alone will not help Bayreuth retain its position as the leader of the Wagnerian universe; only truly original interpretations can. And original no longer necessarily means avant-garde.

There were times in the past week when, despite the longness of some performances, I felt the full impact of Wagner's "Ring" in its original home. In the Festspielhaus, which is not air-conditioned, the temperature reached 110 degrees. I came out of "Siegfried" on Friday shivering in the night heat, for while my ears had been bathed in Wagner's music, my body felt as if it had been in a sauna. Wagneris may have something to do with a lack of oxygen. As Nietzsche, cited after he turned against the composer: "Airt! More airt!"

But Wagneris also has something to do with the more intangible nature of the atmosphere in this hall. It is a hall of illusions. A series of five walls with pillars protrude into the fan-shaped auditorium, getting larger as they reach the stage,

which seems to be enclosed by three projections, one within the other. The effect is to make the hall seem smaller than its 1,925 seats and the stage look bigger than it is. The hall provides a sense of both intimacy and epic occasion.

THAT combination is also present in the Festspielhaus's sound. If Wagner's genius was evident nowhere else it would have been clear in the acoustic he created when he designed and built this hall. From the middle of the auditorium, the orchestra's playing seems to be coming from the full height of the stage, as if projected from a skillfully hidden high-tech sound system, each instrument fully mixed into a single orchestral whole. The effect at its best resembles that of a well-constructed church organ, seeming to allow the surrounding space to produce the sound on its own, as if without human intervention.

The overall impact is uncanny. The singers are heard with unmatched clarity; they are also stirred physically by the sound. Forget the gods and dwarfs and other mythic creatures on stage. In the Festspielhaus, surrounded by the aura of Wagner's music, there are also always, and unforgettably, human beings singing. And sweating.



Josette Simon in a scene from "The Lady From the Sea."

Backlists: Publishers' Hidden 'Best-Sellers'

By Sarah Lyall
New York Times Service

NEW YORK — Last year, when the country's best-seller lists were dominated by flashy titles from the likes of Robert James Waller, John Grisham and Tom Clancy, a 1984 work, "The Book of Ruth" (St. Martin's Press), quietly sold more than 50,000 copies.

At the same time, a 1981 book, "Getting to Yes: Negotiating Agreement Without Giving In" (Penguin), sold 195,000 copies. And a 1987 book that describes how to fashion wreaths for holidays and other occasions, forthrightly titled "The Wreath Book" (Sterling), sold 75,000.

These are among the hidden best-sellers, books that sell tens or even hundreds of thousands of copies year after year but for various reasons do not make any lists. Their longevity says much about the enduring sensibilities and reading tastes of the broad public.

As humble as such books might seem, they are as precious to a publisher as any John Grisham thriller, because they represent steady, dependable revenue. They help to subsidize money-losing literary novels and cushion the considerable risks that publishers take with new titles.

But why wouldn't a book like "The Audubon Society Field Guide to North

American Birds," which sells about 300,000 copies a year in two editions, make it onto a best-seller list? In large part, it has to do with the way the lists are determined.

There is no magic number that assures a book a spot on a best-seller list. Instead, the lists, like those in The New York Times and Publishers Weekly, reflect relative sales during a given week.

Because publishers guard their sales figures so jealously, it is impossible to say with certainty how many copies of a book are sold. The rare successes at the very top — Waller's "The Bridges of Madison County," for instance — sell several million copies apiece. Other books that appear on the list once or twice might end up selling less than 100,000.

In a busy week, it might take a sale of tens of thousands of copies to make a list; in a slow week, it might take far less. Another factor is the category of the book. Because of the short periods involved, the lists include many new books that are being publicized, rather than old reliables that sell beautifully over the years but never have a spectacular week.

"While the numbers are good, they're not enough to match the rush of books that go out when a book is new and can hit the best-seller list," said Carol Schneider, an associate publisher at Random House's adult trade division. (One of the steady sellers at Random House is a 1980 exercise book, "Stretching," which still sells about 80,000 copies a year.)

Such books are important for a publisher's backlist — its books from past years — because they continue to bring in money. Every publisher wants a lucrative backlist. That is why Donald S. Lamm, president of W. W. Norton, is delighted that "Mathematics for the Million," a 1930s book by Lancet Hogben, has sold hundreds of thousands of copies for the company and continues to sell a considerable number — almost 10,000 a year — without Lamm or his colleagues having to do much. "It earned its way out in probably 18 months, and it's been a gravy train ever since."

TO Lamm, the successful backlist books provide an insight into the perennial tastes of readers, particularly those who live far away from the publishing houses where multi-million-dollar advances are paid for celebrity biographies.

"Publishers often overlook the heartland, where many of these backlist books remain for years and years," he said.

Many of the perennial sellers are inspirational, how-to or service books that have been recognized as standards in their fields. These include books like the Audubon Society bird guide, which is a de rigueur in the bird-watching world and is one of the reasons its publisher, Alfred A. Knopf, can afford to gamble on first-time poets (and to shell out nearly \$9 million this year for a book by Pope John Paul II).

Hidden best-sellers also include "The Pill Book: The Illustrated Guide to the Most Prescribed Drugs in America" (Bantam), which was first published in 1979. It provides exhaustive information about pills, in color. "Many of us at Bantam at the time thought, 'Who could possibly want this except a few hard-core drugies?'" said Irwyn Applebaum, Bantam's publisher. They were certainly wrong. The book sells 40,000 copies each month, or 480,000 a year, in mass-market paperback. Some hidden best-sellers might seem odd to the reader who reads book reviews, searches the front tables of bookstores and waits for the next Anne Rice novel.

Many readers, for instance, have probably never heard of Arnette Heidcamp's "Hummingbird in My House" (Crown), the 1990 story of a woman who adopted a hummingbird that had failed to migrate south for the winter. It sells about 27,000 copies a year. George Peery's "Complete Phantom of the Opera" (Henry Holt), a 1991 full-color book about the Broadway musical, including the script, still sells 30,000 to 40,000 copies a year in paperback and hardcover combined.

And at Walker & Co., a 1979 children's book called "Sam the Sea Cow," by Francine Jacobs, has sold about 25,000 copies a year in paperback for the last three years. "That book just cranks," said Ramsey R. Walker, the company's president. "While there are a lot of books out there, there are not a lot of books about manatees."

Dining Out

PARIS 2nd

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PARIS 13th

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Out

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BEST SELLERS			
The New York Times			
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.			
FICTION			
This Week	Last Week	On List	Weeks on List
1 THE CHAMBER, by John Grisham	1	8	
2 THE CELESTINE PROPHET, by James Redfield	2	22	
3 THE GIFT, by Danielle Steele	3	1	
4 EVERYTHING TO GAIN, by Barbara Taylor Bradford	7	2	
5 THE BRIDGES OF MADISON COUNTY, by Robert James Waller	4	103	
6 POLITICALLY CORRECT BEDTIME STORIES, by James Finn Garner	6	6	
7 THE ALIBIST, by Caleb Carr	5	16	
8 THE CROSSING, by Cormac McCarthy	3	6	
9 UNDUCE INFLUENCE, by Steve Martin	9	1	
10 THE WATERWORKS, by E. L. Doctorow	10	1	
11 DOWNTOWN, by Anne Rivers Siddons	11	4	
12 INCA GOLD, by Clive Cussler	10	12	
13 REMEMBER ME, by Mary Higgins Clark	8	14	
14 PLAYING FOR THE ASHES, by Elizabeth George	15	1	
15 BLACK BETTY, by Walter Mosley	16	1	
NONFICTION			
1 THE AGENDA, by Bob Woodward	1	6	
2 ENLIGHTENED BY THE LIGHT, by Betty J. Eadie with Curtis Taylor	2	64	
3 THE BOOK OF VIRTUES, by William J. Bennett	3	32	
4 MOON SHOT, by Alan Shepard and Duke Scobey with Jay Barbore and Howard Benedict	9	3	
5 MIDNIGHT IN THE OAK-DEN OF GOOD AND EVIL, by John Berendt	4	21	
6 STANDING FIRM, by Dan Quayle	6	11	
7 LIFE OF THE PARTY, by Christopher Ogden	7	7	
8 D-DAY, JUNE 6, 1944, by Stephen E. Ambrose	8	1	
9 SAVED BY THE LIGHT, by Doreen Brinkley with Paul Perry	13	15	
10 SOUL MATES, by Thomas Moore	10	29	
11 DAVE BARRY IS NOT MAKING THIS UP, by Dave Barry	12	5	
12 REBEL: My Story, by Reba McEntire with Tom Carter	8	13	
13 MOTHERLESS DAUGHTERS, by Hope Edelman	1	1	
14 ALL MY OCTOBER, by Mickey Mantle with Mickey Herskowitz	11	6	
15 WOMEN WHO RUN WITH THE WOLVES, by Clarissa Pinkola Estés	14	96	
ADVICE, HOW-TO AND MISCELLANEOUS			
1 IN THE KITCHEN WITH ROSIE, by Rosie Daley	1	14	
2 MEN ARE FROM MARS, WOMEN ARE FROM VENUS, by John Gray	2	62	
3 MAGIC EYE II, by N. E. Thing Enterprises	3	14	
4 MAGIC EYE, by N. E. Thing Enterprises	4	28	

SEDUCTIVE CINEMA:

The Art of Silent Film

By James Card. 319 pages. \$35. Knopf.

Reviewed by Michael Covino

TOWARD the end of "Seductive Cinema: The Art of Silent Film," James Card writes: "I cannot conceive of living without showing films. Movies have been the ambrosia of my life. To offer that gift to others, sharing in their enjoyment of the movies I love, is my greatest joy." To that extent, his book succeeds wonderfully. By the time I'd finished, I'd compiled a list of several dozen silent films I was determined to catch up on. Living in Berkeley, home to the Pacific Film Archive and some of the more eclectic video stores in the nation, I have a better chance than most of finding these films. But to the extent that any of us has a chance, Card himself is in fair measure responsible.

Card started collecting silent

films in the 1920s as a young man in Cleveland, and went on to become, in 1948, the co-founder of the George Eastman House of Photography in Rochester, New York, where for the next 29 years he presided over its archive. He founded Eastman House in part because he loves films, in part because he thought the Museum of Modern Art in New York City, under its film archivist, Iris Barry, was not exactly doing a bang-up job of preserving cinematic history due to what Card considered Barry's excessively "catholic" taste. In fact, while Card's love of silent cinema fuels much of this book, one of its less attractive features is that Card, rightly or not, seems to be carrying out a vendetta against Barry, beating his own drum while taking periodic potshots at her.

"Seductive Cinema" is both an exhilarating and frustrating potpourri of memories, anecdotes, information, pleas for film preservation and appreciations, sure to spark new interest in silent cinema.

In the course of the book Card makes a case for Edward Muybridge as the neglected founder of motion pictures while degrading the roles of Thomas Edison and George Eastman. He attacks what he sees as the inflated reputations of the directors D.W. Griffith and Erich von Stroheim while making strong cases for the silent films of Cecil B. DeMille, Monta Bell and the little-known John Collins who worked for the Edison Company and died young.

Card's at his best when he throws out provocative stuff such as his contention that the slapstick filmmaker Mack Sennett "and his cutters had completely anticipated Russian constructive editing. Years before the 1925 'Potemkin' there was Bennett's wondrously exhilarating 'Teddy at the Throttle.' I would have liked more attention paid to the great silent comedians, though perhaps Card felt that since Chaplin and Keaton comedies remain the most frequently viewed films from that era, he should devote

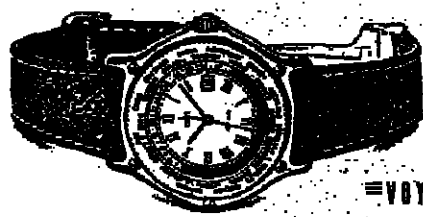
more attention to neglected movies.

The single worst aspect of the book is that at times Card mangles his sentences so badly that I started to get a headache. On the plus side, though, we can be thankful that he did take the trouble, and that we can now see Louise Brooks in "The Box of Pandora" the way G.W. Pabst intended her to be seen in 1928.

Michael Covino, whose most recent book is a novel, "The Negative," wrote this for The Washington Post.

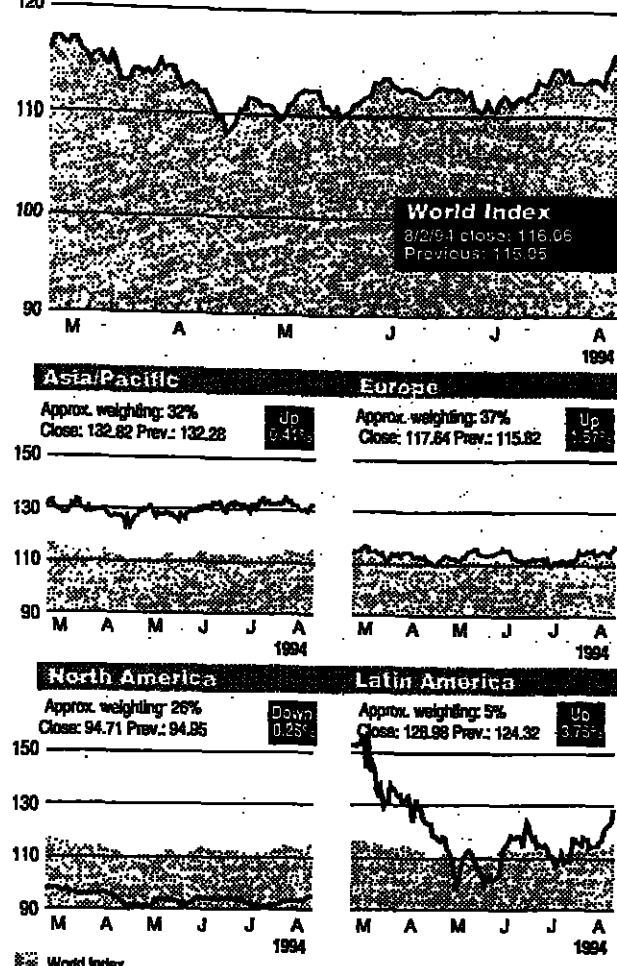
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Industrial Sectors	1994	1993	% Change
Energy	114.72	114.25	+0.41
Utilities	123.63	122.45	+0.95
Finance	118.11	118.49	-0.32
Services	121.82	120.65	+0.97
Capital Goods	118.52	117.22	+1.11
Raw Materials	131.55	130.05	+1.15
Consumer Goods	101.35	100.09	+1.26
Miscellaneous	133.22	131.61	+1.22

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92251 Neuilly Cedex, France.

The Battle for Name Recognition

Kia Motors Launches a Drive for Its Own Identity

By Steven Brull
International Herald Tribune

SEOUL — As its sales surge by double digits and Japanese competitors renege, Kia Motors Corp.'s chairman, Kim Sun Hong, might have reason to sit back, light up a cigar and share some of the profits with investors.

Instead, Mr. Kim, a mild-mannered engineer, has slammed South Korea's second-largest automaker into overdrive. All available resources are being poured into a massive expansion program designed to give the carmaker, whose best-known vehicle, the Festiva, is a subcompact sold by Ford, a globally recognized brand name of its own.

Kia is frantically expanding capacity at home and abroad, making a risky gamble to establish a dealer network in the United States, and undertaking costly designs of new models.

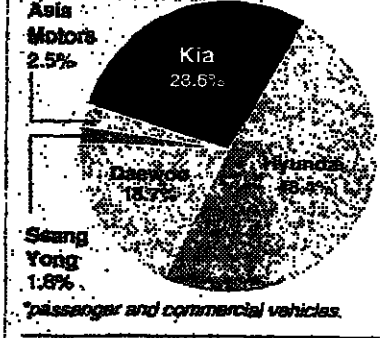
Mr. Kim said Kia has only a few years to expand output, increase efficiency and enlarge the number of original cars it makes beyond the current two. Unless it achieves critical mass, it could face an uncertain future — most likely a takeover by another South Korean company, analysts say.

"Our biggest challenge is to boost productivity and improve quality," Mr. Kim said in an interview at Kia's headquarters, which overlook the National Assembly building in Seoul.

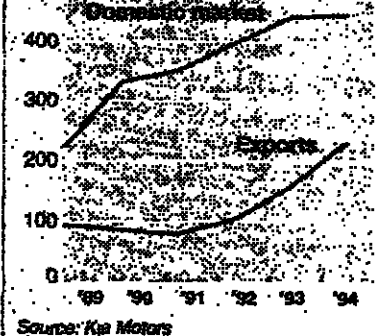
Kia, which began 50 years ago as a bicycle maker, is a rare breed among major South Korean enterprises: a company that is not part of a chaebol, the sprawling conglomerates that dominate the country's economic landscape.

Korea's Carmakers

Share of total production, estimated at 2.37 million vehicles in 1994.



Kia's unit sales, in thousands.



Employees own 10 percent of Kia stock, while Ford Motor Co. owns 10 percent and Mazda Motor Corp. owns 8 percent.

Its independence has made it popular in South Korea, where many resent the chaebol's power. Kia also has come to symbolize the country's ability to prosper by spawning successful companies outside the chaebol, whose size often impedes their ability to respond quickly and act creatively.

But Kia's autonomy makes it financially insecure relative to its chief rivals, Hyundai Corp. and Daewoo Corp. It cut back on generous consumer financing deals for new cars this year, allowing Daewoo to take second place in domestic market share, behind Hyundai.

The company's net income will rise 93 percent in 1994, to 36 billion won (\$45 million) but net indebtedness is soaring, according to Don Lee, a senior analyst at Barclays de Zoete Wedd (Asia) Ltd. in Seoul. This has led to speculation that the company may lack the means to fund its aggressive expansion, leaving it vulnerable to a takeover in several years.

Kia accused Samsung Co. of planning a hostile takeover last year, but Samsung instead entered the automobile industry through a partnership with Nissan Motor Co.

"Kia symbolizes an honest working

See KIA, Page 11

Inflation News Sends European Stocks Surging

Bloomberg Business News

LONDON — Tame inflation and a growing conviction that U.S. interest rates will not rise boosted European stocks and bonds Tuesday, extending a summer rally and giving markets some of their biggest gains of the year.

The Bank of England added to hopes of low inflation as most European markets closed for the day. The bank's quarterly inflation report reduced its British inflation forecast for the end of 1995.

Low inflation, steady growth and low interest rates are three of the main ingredients for rallying stocks and bonds.

In Britain, the Financial Times-Stock Exchange 100 index surged 60.1 points, or 1.9 percent, to 3,157.5, its highest daily gain of the year.

Leading stock indexes also rose more than 1 percent in France, Germany, Italy, Belgium, the Netherlands, Sweden and Switzerland.

"The fear of a rise in interest rates in the U.S. has been put on hold, and global bond markets are rallying," said Peter Lyon, chief investment strategist at Smith New Court Securities Ltd.

from 6.80 percent at Monday's close, while the yield on the 10-year British gilt fell to 8.26 percent from 8.48 percent. Ten-year French OATs were yielding 7.165 percent, compared with 7.27 percent.

European markets have been overshadowed for most of this year by the prospect of higher U.S. rates. An earlier-than-expected rise in U.S. interest rates on Feb. 4 roiled world stock and bond markets, amid concern that the Federal Reserve had detected signs of resurgent inflation.

"There's lots of evidence that the U.S. recovery is coming off the boil," said Joe Rooney, an equity strategist at Lehman Brothers International Ltd. "A lot of inflation concerns have been laid to rest."

Rising Rates Cut Sales of U.S. Homes

Compiled by Our Staff From Dispatches

WASHINGTON — Sales of new homes in the United States plunged 14.1 percent in June to the lowest level in two years, the government said Tuesday, and analysts blamed the decline on recent mortgage-rate increases.

Sales of new homes ran at a seasonally adjusted annual rate of 591,000 in June, down from a revised 688,000 in May, the Commerce Department reported. The May rate initially was estimated to be 738,000.

The June rate was the smallest since 584,000 in June 1992. The average rate on a 30-year fixed-rate mortgage rose to a two-year high of 8.77 percent in June.

See ECONOMY, Page 10

Happy Days Dawning Again for Airlines

GENEVA — International Airlines, after four years of losses, saw passenger and freight traffic surge in the first half of 1994, their coordinating body reported Tuesday.

European airlines, which include some of the richest as well as the worst-hit by the economic recession of the early 1990s, also reported passenger and cargo operations rising fast and still climbing.

The International Air Transport Association said traffic growth from January to June for its 224 members was 9.7 percent, against 7.2 percent for the whole of 1993. This advance outstripped capacity growth by 4.4 percent.

Passenger traffic on international scheduled services was up 8 percent both in June and over the first six months against the same periods last year, while cargo growth was up 16 percent in June and 13 percent since the start of the year.

In a statement issued in Brussels, the Association of European Airlines said passenger traffic for Europe and long-haul flights had jumped 9.8 percent in June and more than 9 percent for the year so far.

Cargo surged by 17 percent in June over all operating regions, and was up on average 13.1 percent since the start of the year.

IATA officials in Geneva said the returns suggested that airlines, some 75 percent of which were losing money, were on track to record an already tentatively predicted overall profit of \$1 billion for 1994.

The airlines have amassed total losses of \$15.6 billion, including \$4.1 billion in 1993, since their last year of profitability in 1989.

Another encouraging indicator was the increasing load factor. IATA airlines planes flew 70 percent full on passenger services during June against 67 percent in June last year.

MEDIA MARKETS

Seeking a Brand's 'Soul'

By Sallie Hofmeister
New York Times Service

LOS ANGELES — Ground Zero is the point at which an atomic bomb explodes. But Kirk Souder, Jim Smith and Court Crandall chose Ground Zero as the name of their tiny advertising agency.

The concept has made Ground Zero into what may be the fastest-growing new agency. Formed six months ago in the Venice section of Los Angeles, Ground Zero is hot, having beaten out bigger agencies for an account at Walt Disney Co. and won clients including Porsche, L.A. Gear and Virgin Interactive Video Games.

At the heart of Ground Zero's formula is a belief that brands have souls. "We want to discover the soul, the essence of a brand and let it permeate everything a client does," Mr. Souder said. Clients have responded to the fresh, informal approach and repeat the "soul of a brand" concept like a mantra.

In March, Ground Zero beat out almost 40 agencies for the business of Disney's Buena Vista home-video unit. Disney awarded the estimated \$60 million account to Ground Zero and the established San Francisco agency Hal Riney & Partners.

Rather than focus on Disney's animation or its characters, Ground Zero centered its pitch on a mother's ability to make an impression on her child in the early years, before having to compete with soccer, scouts and slumber parties.

Ground Zero's billings already top \$35 million. "You normally wouldn't see that kind of growth outside New York, where the size of accounts is much bigger," said Greg Helm, a partner at Stein Robaire Helm, based in Los Angeles. "To get that many pieces of business that fast is impressive."

Mr. Helm knows Mr. Souder, 32, and Mr. Crandall, 29, from the two years they spent at Stein Robaire Helm. They handled half the agency's accounts and won six awards, including one for an spot for Southern California Acura dealers.

If Ground Zero has a soft spot, Mr. Helm said, it is in strategic and account management. But clients say that is Mr. Smith's contribution to the mix. To Mr. Souder's artistry and Mr. Crandall's way with words, Mr. Smith, they say, adds maturity (he is in his early 40s) and big-agency strategic planning experience. Most recently, he was general manager of the Los Angeles office of Lord, Dentsu & Partners.

The three came together with a shared philosophy. They believed advertising was insulting the American public, and that advertising had become formulaic because agencies were putting a premium on the process to justify their size, losing track of the product.

Companies used to dealing with more traditional approaches have also given business to Ground Zero. Porsche Cars North America picked Goodby, Silverstein & Partners to handle the Porsche 911 Carrera account last year after a review that included Stein Robaire.

But it was so impressed with a treatment that Mr. Souder and Mr. Crandall created for Stein Robaire that referred to the car as "a soul wrapped in a body" that it hired their new agency to do a sales video.

"There's not a word or picture in the entire eight minutes that does not speak to the motivations of Porsche drivers," Joel Ewanick, general manager of marketing, said.

Firms to Pay \$160 Million in AIDS Suit

CHICAGO — Two large medical suppliers Tuesday agreed to pay as much as \$160 million to hemophiliacs infected with the human immunodeficiency virus to settle allegations that the companies had sold blood-clotting products tainted with the virus that causes AIDS.

Baxter International Inc. and Rhône-Poulenc Rorer Inc. agreed to the settlement of the lawsuit.

Three other defendants — Miles Inc., Alpha Therapeutic Corp. and the National Hemophilia Foundation — did not participate in the proposed settlement.

David Shrager, attorney for the plaintiffs, said as many as 6,000 citizens or residents of the United States may have been infected with HIV through blood-clotting products that the defendants continued selling or promoting even after they should have known the products were tainted.

Under the proposed settlement, Baxter and Rhône-Poulenc Rorer will pay a total of \$140 million to \$160 million into a fund that could also be dispensed to families or survivors of the victims.

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CURRENCY & INTEREST RATES

Cross Rates	Aug. 2	Eurocurrency Deposits	Aug. 2
American dollar	1.374	1-month	4 1/4%
British pound	1.525	3-month	4 1/4%
French franc	16.350	6-month	4 1/4%
German mark	1.374	1-year	5 1/4%
Italian lira	1.374		
Japanese yen	1.374		
Swiss franc	1.374		
U.S. dollar	1.374		
Other Dollar Values			
British pound	1.525		
French franc	16.350		
German mark	1.374		
Italian lira	1.374		
Japanese yen	1.374		
Swiss franc	1.374		
U.S. dollar	1.374		
Forward Rates			
30-day	1.374		
60-day	1.374		
90-day	1.374		
120-day	1.374		
150-day	1.374		
180-day	1.374		

MARKET DIARY

Stock Rally Fizzles After Early Gains

Bloomberg Business News
NEW YORK — A three-day rally in shares fizzled out Tuesday as rising drug and paper stocks offset falling oil issues. Drug stocks, down for most of the day, got a late boost when

U.S. Stocks

American Home Products of America to buy American Cyanamid for \$95 a share.

The takeover "is going to help the group and help the market" by showing there is still value in stocks that many investors believe are already priced too high, said Richard Ciardullo, head trader at Eagle Asset Management.

The Dow Jones industrial average fell 1.95 points to close at 3,796.22 after rising as much as 12.30 points.

About four stocks rose for every three that fell on the New York Stock Exchange. Volume was 294.73 million shares, off from 258.17 million Monday.

The market was boosted from a government report showing slackening sales of new houses in June, signaling slower

economic growth and suggesting the Federal Reserve will be less likely to raise interest rates at a policy meeting Aug. 16.

American Home's offer for American Cyanamid came exactly three months after Switzerland's Roche Holding Ltd. agreed to buy Syntex for \$5.3 billion.

In response, drug stocks climbed after falling for most of the day. Schering-Plough surged 3 1/2 to 66 1/2, Upjohn climbed 1 1/2 to 31 1/2, Eli Lilly advanced 1 1/2 to 49 1/2, and Warner-Lambert soared 4 1/2 to 68 1/2.

Paper stocks rose for a third day after Stone Container announced its fourth price increase in the past year. The stocks also got a boost from growing optimism that economic growth would increase demand for paper and cardboard boxes.

Shares of Georgia Pacific surged 3 1/2 to 69, International Paper rose 1 1/2 to 75 1/2, Weyerhaeuser advanced 1 1/2 to 43 1/2, Union Camp jumped 1 1/2 to 40, and Potlatch gained 1 to 42 1/2.

ECONOMY: Dollar Advances

Continued from Page 9
 the week ended May 13. During June, the rate on a 30-year loan eased back to 8.43 percent.

In addition to borrowing costs, home prices rose during June. The median home price increased 5.4 percent to a record \$134,900, a government spokesman said. The average

price rose 4.3 percent to \$157,200 — the highest since August 1989.

Treasury bond traders initially interpreted the housing report as a sign "the economy isn't poised to take off from here, and there shouldn't be any inflationary ramifications," said Kevin Flanagan, an economist with Dean Witter Reynolds Inc.

But private surveys showing that retail sales increased in July were enough to balance that sentiment.

A Treasury official's statement that U.S. economic growth could exceed 3 percent this year accompanied by a slight increase in inflation also helped erase earlier gains in the bond market.

The price of the benchmark 30-year Treasury bond finished

down 1/32 at 86 10/32, with the yield edging up to 7.40 percent from 7.39 percent Monday.

The dollar, meanwhile, rose against the yen as concern about poor trade relations between the United States and Japan faded.

The dollar finished at 100.340 yen, up from 99.445 yen Monday, and at 1.5825 Deutsche marks, up from 1.5798 DM. The dollar rose to 1.3375 Swiss francs from 1.3312 and to 5.4080 French francs from 5.4000. The pound edged up to \$1.5355 from \$1.5353.

Sentiment toward the dollar improved even though trade talks between Japan and the United States broke down over the weekend, because it looks as if the two countries want to keep negotiating, traders said.

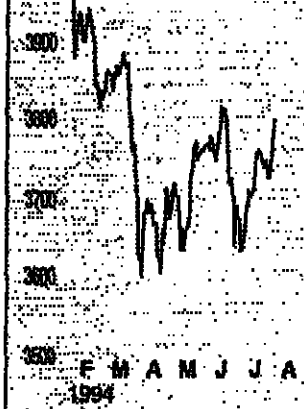
U.S. Trade Representative Mickey Kantor set a 60-day timetable for resolving the dispute. After that, President Bill Clinton is authorized under U.S. law to retaliate with sanctions.

"People are looking at the situation and thinking, 'We've got 60 days, that's plenty of time for them to get things sorted out,'" said Chris Furness, currency strategist at the market consulting firm IDEA in London.

(Bloomberg AP, Reuters)

The Dow

Daily closings of the Dow Jones industrial average



NYSE Most Actives

Vol.	High	Low	Last	Chg.
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2

NASDAQ Most Actives

Vol.	High	Low	Last	Chg.
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2

AMEX Most Actives

Vol.	High	Low	Last	Chg.
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2
AMC	4028	25 1/2	25 1/2	-1 1/2

Market Sales

NYSE	AMEX	OTC
294.73	1.95	2.10
294.73	1.95	2.10
294.73	1.95	2.10

Dow Jones Averages

Index	Open	High	Low	Last	Chg.
INDUS	3814.44	3791.27	3796.22	-1.95	
TRANS	1250.00	1245.00	1245.00	-0.25	
UTILS	112.00	111.50	111.50	-0.25	
COMMOD	111.00	110.50	110.50	-0.25	

Standard & Poor's Indexes

Index	High	Low	Close	Chg.
INDUS	379.75	378.75	378.75	-0.25
TRANS	124.50	124.00	124.00	-0.25
UTILS	111.50	111.00	111.00	-0.25
COMMOD	110.50	110.00	110.00	-0.25

NYSE Indexes

Index	High	Low	Last	Chg.
COMPOSITE	255.00	254.00	254.00	-0.25
TRANS	254.75	254.25	254.25	-0.25
UTILS	254.50	254.00	254.00	-0.25
COMMOD	254.25	253.75	253.75	-0.25

NASDAQ Indexes

Index	High	Low	Last	Chg.
COMPOSITE	727.90	726.80	726.80	-0.25
TRANS	727.65	727.15	727.15	-0.25
UTILS	727.40	726.90	726.90	-0.25
COMMOD	727.15	726.65	726.65	-0.25

AMEX Stock Index

Index	High	Low	Last	Chg.
AMEX	40.12	39.12	39.74	+0.12

Dow Jones Bond Averages

Index	Close	Chg.
20 Bonds	102.00	+0.25
30 Bonds	102.00	+0.25
10 Industrials	102.00	+0.25

NYSE Diary

Index	Close	Prev.
Advanced	100.00	99.75
Declined	100.00	99.75
Unchanged	100.00	99.75
New High	100.00	99.75
New Low	100.00	99.75

AMEX Diary

Index	Close	Prev.
Advanced	100.00	99.75
Declined	100.00	99.75
Unchanged	100.00	99.75
New High	100.00	99.75
New Low	100.00	99.75

NASDAQ Diary

Index	Close	Prev.
Advanced	100.00	99.75
Declined	100.00	99.75
Unchanged	100.00	99.75
New High	100.00	99.75
New Low	100.00	99.75

Spot Commodities

Commodity	Today	Prev.
Crude oil	21.15	21.10
Gold	380.00	379.00
Silver	11.00	10.95
Copper	1.50	1.49
Platinum	1000.00	995.00
Palladium	1500.00	1490.00
Nickel	10.00	9.95
Zinc	1.00	0.99

EUROPEAN FUTURES

Index	Open	High	Low	Last	Chg.
ALUMINUM	1400.00	1400.00	1400.00	1400.00	0.00
COPPER	1400.00	1400.00	1400.00	1400.00	0.00
NICKEL	1400.00	1400.00	1400.00	1400.00	0.00
ZINC	1400.00	1400.00	1400.00	1400.00	0.00

Financial

Index	Open	High	Low	Last	Chg.
3-MONTH STERLING	1400.00	1400.00	1400.00	1400.00	0.00
6-MONTH STERLING	1400.00	1400.00	1400.00	1400.00	0.00
9-MONTH STERLING	1400.00	1400.00	1400.00	1400.00	0.00
12-MONTH STERLING	1400.00	1400.00	1400.00	1400.00	0.00

Stock Indexes

Index	High	Low	Close	Chg.
FTSE 100	2550.00	2540.00	2540.00	-0.25
DAX	254.75	254.25	254.25	-0.25
CAC 40	254.50	254.00	254.00	-0.25
IBEX 35	254.25	253.75	253.75	-0.25

Dividends

Company	Per Amt	Per Rec
AMC	1.00	1.00
AMC	1.00	1.00
AMC	1.00	1.00
AMC	1.00	1.00

REVERSE STOCK SPLIT

Company	Per Amt	Per Rec
AMC	1.00	1.00
AMC	1.00	1.00
AMC	1.00	1.00
AMC	1.00	1.00

STOCK SPLIT

Company	Per Amt	Per Rec
AMC	1.00	1.00
AMC	1.00	1.00
AMC	1.00	1.00
AMC	1.00	1.00

WARRANTS

Company	Per Amt	Per Rec
AMC	1.00	1.00
AMC	1.00	1.00
AMC	1.00	1.00
AMC	1.00	1.00

REGULAR

Company	Per Amt	Per Rec
AMC	1.00	1.00
AMC	1.00	1.00
AMC	1.00	1.00
AMC	1.00	1.00

Industrials

Index	High	Low	Last	Chg.
GASOLIN	1400.00	1400.00	1400.00	0.00
CRUDE OIL	1400.00	1400.00	1400.00	0.00
HEATING OIL	1400.00	1400.00	1400.00	0.00
WHEAT	1400.00	1400.00	1400.00	0.00

Possible Release of Nigerian Politician Dents Oil Prices

LONDON — Oil prices fell Tuesday on market beliefs that Nigeria's military government would announce the release of Moshood Abiola, the declared winner of last year's annulled presidential election.

Brent crude oil for September delivery fell as much as 55 cents before recovering in late trading to \$18.64, still 26 cents below Monday's settlement price of \$18.90. Oil prices had risen to their highest lev-

els in more than a year on Monday as the month-old strike worsened.

"The market is cooling down here. From a trading point of view, the market is expecting the release of Abiola, which should take the price straight back down," said Peter Gignoux, head of the London energy desk at Smith Barney Shearson Inc.

But other traders said it remained to be seen whether Mr. Abiola or the striking unions would accept the release quietly and not insist that Mr. Abiola be installed as the country's president.

Mr. Abiola was arrested last month and charged with treason for proclaiming himself president; his freedom is one of the key demands of striking oil workers.

Analysts said the Nigerian government might be eager to stop the crisis before the powerful 3.5 million-member Nigerian Labor Congress begins the strike Wednesday.

Oil prices have gained more than \$2 since the oil workers began their strike in a push to get the military government to step aside in favor of Mr. Abiola.

IDB to Restate First-Period Earnings

LOS ANGELES (Bloomberg) — The satellite carrier IDB Communications Group will restate its results for the first quarter, putting an end to a troubled period for the company before its acquisition by LDDS Communications Inc., executives said Tuesday.

IDB will restate its results to eliminate about \$6 million in pretax income related to the sale of transponder capacity and purchase accounting adjustments, the executives said. LDDS said Monday it would acquire IDB for about \$721 million in stock.

IDB became embroiled in controversy after auditor Deloitte & Touche resigned in May, saying it wasn't convinced the company's first-quarter results were accurate. Deloitte questioned about one third of IDB's \$15.5 million in pretax first-quarter earnings.

McDermott to Build Ships for Export

WASHINGTON (Bloomberg) — McDermott International Inc. won a contract to build container ships for a European shipping company, with the \$29.5 million project contingent upon financing guarantees from the U.S. government, the company and the government announced Tuesday.

The McDermott project and a second planned by a Tennessee subsidiary would represent the first ships built in the United States for export since 1957, according to the U.S. Department of Transportation.

The loan guarantees are designed to offset subsidies often provided by foreign governments to shipbuilders in their nations. McDermott has contracted with Saracen Group of Geneva to build 10 multipurpose container ships at its shipyard near Morgan City, Louisiana.

GTE to Carry Video on Phone Lines

IRVING, Texas (Bloomberg) — GTE Telephone Operations, a subsidiary of GTE Corp., said Tuesday it would roll out video-on-demand service to businesses in five states using telephone switching equipment from AT&T Network Systems.

The switches, which cost \$1 million to \$2 million, will give GTE customers access to movies, surveys and educational programming over more channels. Currently, such programming is transmitted mainly through cable-based systems, not telephone lines. Terms of the GTE-AT&T Corp. contract were not disclosed. GTE's announcement raises the stakes in the race to connect telephones to television and computers.

Delta Union Ready to Drop 2% Raise

ATLANTA (Bloomberg) — Delta Air Lines' pilots union agreed Tuesday to forgo a 2 percent pay raise and said it hoped the carrier would use the proceeds to add flights and rehire some pilots.

The Air Line Pilots Association, which represents 9,000 Delta pilots, said it would meet the carrier's pay-freeze request. The pay raise would have cost the ailing airline \$26 million a year.

Meanwhile, USAIR Group Inc. said it would lay off about 400 workers at Allegheny Commuter Airlines and set a big chunk of the unit's assets to Mesa Airlines Inc. of Farmington, New Mexico, an independent carrier that offers some of its flights under the banner of USAIR Express.

"This transaction is definitely a win-win situation for both parties," said Clark Stevens, president of Florida Gulf Airlines, Mesa's East Coast unit.

Wheat Futures Rise on Trade Accord

CHICAGO (Bloomberg) — Wheat futures rose Tuesday after Canada agreed Monday to substantially limit its wheat shipments to the United States for one year. The agreement awaits final approval by both governments.

Under the tentative accord, the amount of durum and hard red spring wheat shipped to the U.S. from Canada will be reduced. Durum flour is used for pasta, and hard red spring flour is used for bread.

The benchmark wheat contract for December delivery at the Chicago Board of Trade rose 4.25 cents, to \$3.5175 a bushel. Gains in wheat futures were limited because the restrictions will affect only a small portion of total U.S. wheat supplies and because the agreement had already been anticipated, traders said.

For the Record

Berkeley Industries Inc. said third-quarter profit from operations rose to \$33.8 million from \$28.1 million as demand for its products increased. (Bloomberg)

WORLD STOCK MARKETS

Agence France Presse Aug. 2

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EUROPE

NatWest Net Rises As Bad Debts Fall But Operating Profit Slips

Compiled by Our Staff From Dispatches

LONDON — National Westminster Bank PLC, Britain's second-largest retail bank, said Tuesday that first-half pre-tax profit surged 83 percent as a revival in the economy cut its problem loans, but analysts expressed concern over a squeeze on income.

Bolstered by a 40 percent drop in provisions against bad debts, pre-tax profit climbed to £767 million (\$1 billion) in the first six months of 1994 from a restated £419 million a year earlier.

"The principal immediate driving force in our improved

results is a marked reduction in provisions," the NatWest chairman, Lord Alexander, said, adding that debt provisions had fallen more quickly than executives had expected.

"With the improvement in earnings, we are now in a position to show our confidence in the future by increasing our interim dividend to 7.3 pence," Lord Alexander said.

The rise in profit, however, was mostly due to the sharp drop in bad-debt provisions, to £370 million from £619 million. Net interest income fell to £1.79 billion from £1.82 billion.

"NatWest is still struggling to make progress at the operating level," said Martin Green, a bank analyst at Smith New Court.

Offer Is Increased On Funerals Firm

Bloomberg Business News

LONDON — Service Corp. International, the world's largest funeral home company, raised its cash offer Tuesday for Great Southern Group PLC by 14 percent, to £99.1 million (\$152 million), and accused the British company of distorting its earnings.

Houston-based Service Corp. said it would now offer 680 pence for each ordinary share, up from 600 pence, and 271 pence for each convertible share, up from 239 pence.

It also charged that Great Southern last year listed as profit some surplus payments for funerals not yet held.

A reluctance of Britons to borrow after their longest recession since the 1930s helped cut NatWest's operating income by about 2 percent.

So far, NatWest is the only British bank to report a decline in first-half operating income.

NatWest's net interest margin — the difference between what the bank earns on loans and what it pays to depositors — dropped to 2.6 percentage points from 2.8 points a year earlier because of slack demand for loans and stiff competition from other banks.

"There's a lot of competition for what business there is, and we'll be fighting to keep our share," the bank's chief executive, Derek Wanless, said.

(Reuters, Bloomberg)

BTG: Want a Better Mousetrap?

By Erik Ipsen

International Herald Tribune

LONDON — British Technology Group is not a company that believes in overnight success. In what could be the most lucrative deal in its 45 years of existence, it licensed Ford Motor Co. to produce a revolutionary gearless transmission it calls Torotrak — a transmission BTG has been refining, patenting and promoting for more than three decades.

If the Torotrak system is a success, it will only be one of a long series of them for BTG, which calls itself the world's largest technology-transfer organization.

Set up by a Labor Party government in the 1940s to patent and promote British inventions, BTG was sold into private hands three years ago and its ownership was transferred to managers and financial institutions. It will soon be floated on the London Stock Exchange.

After a British discovery, penicillin, went on to become a worldwide financial success, the government decided to set up BTG. The bulk of its patents remain on British products.

Its flotation is expected to raise as much as £20 million. It would value the company, which had pre-tax profit of £3.7 million on revenue of £29 million in the year ending March 1994, at around £50 million.

The flotation would follow the successful sale of 3i Group PLC, which was opened to public ownership last month. That company, formerly called Investors in Industry Group PLC, was also formed by the British government just after World War II to finance small businesses. Shares in 3i Group closed Tuesday at 295.5 pence (\$450), up 2.

As perhaps befitting the market leader in the patenting and promotion of technology, BTG's boast is that its technology typically revolutionizes their marketplace. But far from being lionized, at least initially, BTG's more common experience is one of rejection.

Thirty years ago it happened with pyrethrin, a then-revolutionary type of insecticide based on natural substances.

"At the time, none of the existing insecticide manufacturers would touch it," said Ian Harvey, BTG's chief executive. The first license went to Sumitomo Corp. of Japan, which liked the technology enough to start a new unit to produce it. Today, pyrethrin accounts for one-fifth of the world insecticide market.

Magnetic imaging, the successor technology to many types of X-rays, is another case in point. BTG took out its first

filled with a series of disks, bearings and traction fluid.

The basic idea for such a device dates to the 19th century. Getting it to work cheaply and smoothly is what is new.

"If it delivers on the promise we have seen, it could be a very important development," said Adam Mirren, manager of power-train research at Ford in Britain, who expects to have an answer by the end of 1995.

Torotrak is lighter, simpler and cheaper to make than conventional transmissions, and what is more, it can be used on any size engine from the largest truck motors to autos.

"The Ford license is very important," said Geoff Soares, a Torotrak project manager. "In the auto industry, companies like to be No. 2, not No. 1, with new technologies."

Mr. Soares said that others ranging from truck manufacturers to bearing makers and oil companies are charging in "since they now see it as having potential."

With years of tests still to come, even if it pans out the first commercial version of Torotrak will not be available until the turn of the century.

An even more striking example of a BTG technology that has proven painfully far ahead of its time is a relatively simple device called a grain stripper. By in essence cutting the grain off its stalks instead of cutting the stalks off at the base and then threshing them, the device can harvest a field at twice the speed and with half as large an engine as a conventional combine.

Mr. Harvey says the device could cut costs in the harvester market by as much as 75 percent.

BTG signed its first licensing agreement with small British manufacturer in 1987 and only recently was able to sign up Massey-Ferguson Ltd. in Canada.

BTG promises its inventors that it will more than double their expected revenues. In return BTG gets a 50 percent cut of all fees.

BTG calls itself the world's largest technology-transfer organization, but it does not believe in overnight success.

patents in the mid-1970s and today holds a clutch of patents underpinning a \$1.5 billion-a-year business.

With its patents on pyrethrin now nearly all expired and its magnetic-imaging patents well past the middle of their lifespan, BTG's big bet on Torotrak could fill a large gap. To date it has invested \$6 million in Torotrak, which alone accounts for 300 of BTG's 10,000 patents and patent applications.

Early tests on Torotrak have indicated potential fuel savings of 15 percent and emission reductions of nearly a third.

Those gains come from a system that instead of taking an engine's power to its wheels via a fixed series of four or five gearing ratios does it with an infinitely variable ratio. It is like the difference between an ordinary off-on light switch and a dimmer switch. In Torotrak's case, instead of gears, the system uses a box

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2300	3500	2400
2200	3400	2300
2100	3300	2200
2000	3200	2100
1900	3100	2000
1800	3000	1900
1700	2900	1800
1600	2800	1700
1500	2700	1600
1400	2600	1500
1300	2500	1400
1200	2400	1300
1100	2300	1200
1000	2200	1100
900	2100	1000
800	2000	900
700	1900	800
600	1800	700
500	1700	600
400	1600	500
300	1500	400
200	1400	300
100	1300	200
0	1200	100

Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam AEX		419.24	412.14	+1.72
Brussels Stock Index		7,694.06	7,537.61	+0.74
Frankfurt DAX		2,186.39	2,153.79	+1.51
Frankfurt FAZ		824.24	815.68	+1.05
Helsinki HEX		1,876.06	1,860.82	+0.82
London Financial Times 30		2,456.10	2,408.30	+1.98
London FTSE 100		3,157.50	3,097.40	+1.94
Madrid General Index		322.74	317.25	+1.73
Milan MIB		1156	1,145.00	+0.96
Paris CAC 40		2,117.23	2,069.58	+2.30
Stockholm Aftersvaerden		1,985.71	N.A.	
Vienna Stock Index		460.41	457.93	+0.56
Zurich SBS		932.19	918.15	+1.53

Very briefly:

- Hugo Boss AG, the German fashion company, said that a strong rise in licensing income and improved efficiency lifted first-half net profit 17 percent from a year earlier, to 26.4 million Deutsche marks (\$17 million).
- Marc Rich Co. said the company's name would be changed to Glencore International AG in September. It said the new name reflected restructuring measures and a change in ownership announced last year when Marc Rich transferred his majority shareholding to the company.
- KLM Royal Dutch Airlines NV said that its unit KLM Cargo planned to cooperate with Transavia Airlines, which is 80 percent owned by KLM, in providing European air cargo services.
- Allianz AG, Germany's largest insurer, said its French unit Allianz Via Assurances SA was poised to receive a cash injection of 1 billion French francs (\$183 million) from Allianz and from Cie. de Navigation Mixte SA, its other main shareholder.
- Internationale Nederlanden Groep NV's unit MBO has bought a 49.9 percent stake in Fila SA's unit Innolor for 716 million pesetas (\$5 million), according to the financial daily Cinco Dias.
- Finland's unemployment fell to 17.9 percent in June from 18.1 percent in May as the Central Statistical Office said that the employment situation had improved in virtually all sectors of the economy except the construction industry.
- Czechoslovak Airlines, the Czech state-owned carrier, narrowed its loss for the first six months of 1994 to 273.2 million koruna (\$10 million) from 629 million koruna a year earlier. A spokesman said the airline had managed to keep costs steady and increased revenue in both Western and Eastern Europe.

Cost-Cutting at British Petroleum Pays Off as 2d-Quarter Net Jumps

Bloomberg Business News

LONDON — British Petroleum PLC said Tuesday that second-quarter profit rose a stronger-than-expected 40 percent as savings from two years of cost-cutting offset a sharp drop in oil prices.

BP, Europe's second-largest oil company, also said lower operating costs and debt payments helped it benefit from an increase in petroleum production and a rebound in its chemicals business.

Net income rose to £367 million (\$562 million) from £261 million on a replacement-cost basis, which reflects current rather than historical costs of supplies.

Before special items, BP's replacement-cost profit rose 36 percent in the first half, to £640 million.

On a historical-cost basis, net income nearly tripled, to £530 million from £182 million.

BP shares rose as high as 430 pence on Tuesday and still ended at a record close high of 419.5 pence a share, up 8.

The stock has risen 11 percent in the past three

weeks and is up nearly 20 percent since the start of the year.

The better-than-expected results followed news of profit declines at most major U.S. oil companies because of weak refining margins and oil prices that fell 15 percent.

"They've largely completed the major part of their cost-cutting, and as a result they're doing extremely well," said Nick Antill, oil analyst at Hoare Gowett.

BP did not escape the weak refining margins that eroded profits for its competitors, but it weathered them better simply because it had spent about \$1 billion less since the end of 1992.

"We're not going to lose the pedals on what we're doing with our business," said David Simon, BP chief executive, adding that the company has been "playing a pretty good game of catch-up" with its competitors by reducing costs and debt.

BP will continue to slash expenses and plans a new round of cost-cutting targets by the end of the year, although they will not include massive layoffs or asset sales as in the past two years.

Italy's Stet Says Sales Rose 9%

Bloomberg Business News

MILAN — The telecommunications group Stet SpA said Tuesday that revenue in the first seven months of 1994 rose 9 percent from a year earlier, to 29.8 trillion lire (\$18.8 billion), and that it expected higher profit for the year.

Stet said it would be able to finance the 11.6 trillion lire in investments planned for this year from its own resources, allowing net debt to fall to less than 20 trillion lire by Dec. 31 from 22 trillion a year earlier.

Stet owns 55 percent of Telecom Italia SpA, Italy's telephone operator that will start trading on the stock market Aug. 18. It was created by merging domestic and overseas telephone operators.

Will P&G Pull Ads? Soap Opera Continues

Bloomberg Business News

AMSTERDAM — Unilever Group said Tuesday it had filed a complaint against Procter & Gamble Corp. with Britain's Advertising Standards Authority over the U.S. company's latest laundry detergent advertising campaign.

"Things have been said that cannot be substantiated," said Tom Gordijn, a spokesman for Unilever NV, the Dutch arm of the Anglo-Dutch company.

The Advertising Standards Authority oversees the advertising industry in Britain.

Mr. Gordijn said filing the complaint did not preclude court action by Unilever.

Over the weekend, Procter blanketed British newspapers with advertisements saying fabrics could be damaged by laundry detergents containing an in-

redient found in Unilever's Persil Power and Omo Power soaps.

While P&G did not mention Unilever by name, the ads said detergent containing a so-called accelerator made from manganese could cause "holes and tears" to appear in viscose and heavily colored cotton, even if the amount of accelerator is lowered.

To underscore the statement, the ads carry photographs of severely tattered blouses and boxer shorts.

P&G and Unilever have been fighting a fierce battle over the \$9 billion European detergent market since March, when Unilever launched Persil Power.

Analysts said the latest spat illustrated the difficult market conditions the companies were facing.

Hafslund Profit Falls 13%

Bloomberg Business News

OSLO — Hafslund Nymcom AS said Tuesday its second-quarter pretax profit fell 13 percent, to 349 million kroner (\$51 million), after a loss on financial items.

Operating profit rose 7 percent, to 401 million kroner from 376 million kroner in the second quarter of 1993, and the total of sales and royalties rose 13 percent, to 1.64 billion kroner, despite a slight fall in royalties.

Hafslund, a pharmaceuticals group, said the sales increase was due to better sales from its energy subsidiary and the consolidation of its Tennant metallurgical group.

Hafslund said earnings for the first half of 1994 fell to 651 million kroner from 782 million kroner despite a rise in revenue to 3.14 billion kroner from 2.79 billion kroner.

Finally, Iran Opens Petrochemical Plant

Reuters

BANDAR KHOMEINI, Iran — Triumphant over war damage and the withdrawal of its original Japanese partners, Iran has opened its biggest petrochemical plant 20 years after it was begun.

The multibillion-dollar complex, inaugurated by President Hashemi Rafsanjani on Monday, makes Iran the second-largest producer of petrochemicals in the Middle East.

"I thank the Japanese for starting the project," Mr. Rafsanjani said. "Unfortunately due to war damages to the site, they discontinued their work. They did not think we would finish it. Now they probably regret it."

Completed with French assistance, the plant was begun as a 50-50 joint venture with Japanese companies before Iran's 1979 Islamic revolution and wrecked by Iraqi bombers during the 1980-88 Iran-Iraq war.

The plant was about 75 percent complete at the time of the revolution, but it was repeatedly bombed by Iraqi planes during the eight-year war, forcing the Japanese to abandon work.

A changing petrochemicals market also dogged the project and led the Japanese to pull out.

Project officials said the plant is now capable of producing 3 million metric tons of petrochemicals a year, increasing Iran's total annual capacity to 10 million tons.

Mehdi Mirmoezi, director-general of the Bandar Imam Petrochemical Co., said a total of \$4 billion was spent on the project and that 30 percent of its products would be exported.

The plant was expected to help push actual production in the fiscal year that started March 21 to 8.0 million tons from last year's 5.5 million.

Officials at the site said the project was completed with the assistance of Technip, an oil engineering subsidiary of France's Société Nationale Elf Aquitaine and with a French credit line of \$850 million.

They said 7,000 Iranian employees had been helped by about 200 specialists from France, the Netherlands, Italy and Germany.

Ahmad Rahgozar, deputy oil minister

and head of the National Iranian Petrochemical Co., estimated the value of its annual output at between \$800 million and \$1.0 billion.

Iran had sold \$900 million of its products in advance to finance part of the construction, Mr. Rahgozar said.

He said the former Japanese partners, led by Mitsui & Co., had invested \$1.5 billion in the project, while Iran had so far invested more than \$3 billion.

Two years after the 1988 cease-fire, Mitsui, saying the project was no longer economical in a glutted petrochemical market, withdrew from the partnership, paying Iran 130 billion yen (\$132 million).

A first phase of the plant came on line in 1990, producing 1 million tons of liquefied gas a year.

The plant is fed by natural gas, gas liquids and naphtha from Ahvaz and Maroon fields and the Abadan oil refinery. It produces various products, including 310,000 tons of ethylene and 150,000 tons of vinyl chloride a year.

KIA: Independent South Korean Carmaker Plans Ambitious Expansion

Continued from Page 9

spirit, something genuine," Mr. Lee said. "But the odds may be against them."

Mr. Kim's sense that the window of opportunity is beginning to close is based on the status of the fast-growing, yet highly protected, South Korean market, which has been used to finance the automobile industry's growth into the country's largest sector.

With sales of 1.64 million units in 1994, South Korea's market is second only to Japan in Asia. A lack of competition has made it especially lucrative and bought the companies time to improve productivity, which lags far behind Japanese and Western rivals.

Total production by South Korea's three automakers is expected to rise to 2.4 million units this year, with 800,000 of those vehicles for export, analysts said. If the total is reached, South Korea would become the world's fifth biggest auto producer, eclipsing Spain, Britain and Canada, and trailing only

the United States, Japan, Germany and France.

At home, South Korean companies have had a free ride. Japanese carmakers are banned from sales of fully assembled vehicles, while Western competitors face an array of non-tariff barriers that kept sales below 2,000 units last year, just 0.2 percent of the market.

But pressure from the United States and Europe forced Seoul to announce steps last month to improve foreign access. Japanese companies, however, are expected to remain banned, at least for several more years, and it will take an equally long time for Western companies to build up any significant share. Still, their growing presence in what had been a market virtually re-

served for the South Koreans will add new competitive pressures.

Making matters worse, growth in the domestic market is slowing.

While its competitors abroad are cutting costs and seeking to improve their quality, Kia is investing 700 billion won this year — about one-sixth of last year's sales — in a massive expansion of capacity and new-model development.

Global capacity of 740,000 units at the end of last year will jump to 1.0 million this year and 1.5 million by the end of 1997. Only then, Mr. Kim said, would the company have sufficient economies of scale to compete.

Much of the additional capacity will be overseas, especially in the developing world, where Kia sees its inexpensive vehicles having an advantage. Kia has already begun assembly of kits in Taiwan, the Philippines, Venezuela, Vietnam and Iran. Assembly will start next year in Germany and new plants are planned for Mexico, South Africa, India and Pakistan.

"Korea will be the biggest source of demand — we're still only half a country," Mr. Kim said, referring to North Korea. Next in importance are the rest of southeast Asia and China, the world's fastest-growing car markets.

In the United States, where the company is investing heavily to set up a dealer network, what is important is not so much sales or profit as a learning experience essential to competing internationally. Kia is advancing slowly, having learned from Hyundai, which sold more than one-quarter of a million cars in the United States in 1988.

On September 5th, the IHT will publish a Special Report on

Aviation

- Developments of the GE90, a new aircraft engine.
- Future of mergers and acquisitions in the industry.
- Importance of the Chinese market in aircraft sales.
- Privatization of airports.
- Secrets of success for the European charter industry

This Special Report coincides with the Farnborough Air Show, September 5-11. For more information about this Special Report, please contact Bill Mahler in Paris at (33-1) 46 37 93 78, fax: (33-1) 46 37 50 44.

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Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect intra trades elsewhere. Via The Associated Press

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Journal of Management Education 30(6)

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A\$-Australian Dollars; AS-Austrian Schillings; BF-Belgian Francs; C-Canadian Dollars; CH-Swiss Francs; CL-Chilean Pesos; CU-Cuban Convertible pesos; D-Dutch Guilders; DM-German Marks; E-Estimated price; F-Finnish Markkas; G-Greek Dracmas; H-Hong Kong Dollars; I-Italian Lira; LF-Luxembourg Francs; P-pence; Ps-Pesos; S\$-Singapore Dollars; SF-Swiss Francs; T-Ten; + added; - Offer Price; N.A.-Not Available; N.C.-Not Communicated; n-New; S-suspended; SS-Stock Split; * Ex-Dividend; ** Ex-Rate; @ Offer Price Incl. 3% profit charge; ++ Perks exchange; +- Amsterdam exchange; e-misquoted dealer; x-not registered with regulatory authority; P-Mutuals of bid and offered price; E-estimated price; y-price calculated 2 days prior to publication; z-bid price.

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Manning to Join Suns, Agent Says

Redskins Set To Pay Shuler \$19 Million

Panel 1: A man in a suit and hat stands on a wooden pier, talking to a man in a white tank top and swim trunks. A small boat with two other people is nearby.

Panel 2: The man in the suit is talking to the man in the tank top.

Panel 3: The man in the suit is talking to the man in the tank top.

Panel 4: The man in the suit is talking to the man in the tank top. The man in the tank top is holding a sign that says "A CREDIT PLAN FOR ALMOST EVERY INCOME".

Maddux Rolls On, and Past Mets



A Quiet Slugger Keeps Pounding Away

OBSERVER

A Yearning to Serve

By Russell Baker

NEW YORK — Many have pleaded with me not to seek the presidency in 1996, but I must. Call it selfish, but I yearn for the utter humiliation that only the presidency can bestow.

I want to be scolded by columnists and editorial writers for not possessing sagacity and cunning as profound as theirs.

I want to watch telegenic journalists tell the country what needs to be done to perfect society and belittle me for not doing it.

I want to be held in contempt by shrewd veterans of Washington politics, and not only that: I want to be denounced by them as a rustic dolt so innocent of Washington's magnificent intrigues that I am unfit to lead the country.

I want investigative reporters to dig up absolutely everything they can find on my dear mother, now dead alas, hence beyond enjoying the chance to see her name in the newspapers.

I want to be able to pick up those newspapers myself and find out whether she really, the sweet lady I always thought, or whether she was secretly leading a disgusting life of Byzantine lurid.

I want her passion for playing high-low-jack-and-the-game on Saturday night held up to ridicule by the nation's foremost satirists.

I want my income tax returns for the past 45 years studied by the most brilliant tax lawyers money can buy, so the opposition party can either mock me as a boob too dumb to claim all the deductions I was entitled to or accuse me of gross and unpatriotic flouting to cheat Uncle Sam.

I want my wife to be portrayed to the entire world as a power-mad witch hellbent on destroying the American family.

I want my younger brother's indictment for shady real-estate speculations as well as his drunken-driving arrests to be widely publicized.

I want the whole world to know

• about my uncle who was schizophrenic;

• about my 97-pound female cousin who beat up a state trooper while he was giving her a traffic ticket;

• and about my great-grandfather who joined Robert E. Lee as soon as the Civil War began, came home immediately after seeing his very first battle and stayed home where, having granted himself the title "Colonel," he spent the next four years enlisting fresh troops for the Confederacy.

That's not all I want.

I want to have every detail of my sex life fully reported not only in the grocery tabloids, but also in all the truly important newspapers so that even the quality reader will be able to treat me as a subject for risqué jokes and sordid speculation.

I want to be used as an example of satanic evil in sermons by politically minded parsons with vast television congregations.

I want to be widely suspected, thanks to suggestions spread by these godly men, of engaging in criminal activities, including murder.

I want to be sued too. I want to be sued by women I haven't seen in years, if at all.

I want to be sued for sexual harassment, child abuse, homophobic utterance, making racist remarks, laughing at ethnic jokes, assisting in illegal installation of fuse-box "cheaters," buying beer with forged draft cards, lying to a literary man about having read "The Golden Bowl."

In short, I want to be ruined, humiliated, abused, detested, reviled, denounced by sacred clergy and best-selling schmoose-masters, and treated with contempt by millions of my countrymen.

Why else would anyone want to be president?

New York Times Service

For 'Fred Astaire on Acid,' a Joke Pays Off

By Bernard Weinraub

LOS ANGELES — Jim Carrey removes a check for \$10 million from his wallet. It says: "For acting services rendered by Thanksgiving, 1995." It's a joke, of course. The star of the weekend's No. 1 film, "The Mask," wrote it to himself years ago when he was unknown, barely eking out a living and seized with fantasies of earning a ton of money.

Actually, he shortchanged himself. Carrey's price is now \$7 million a film, and he plans to make two a year.

"It's pretty crazy," said Carrey, widening his eyes and grinning slyly. "It is ridiculous. I'm trying to take it day by day."

Day by day, Carrey seems in an ever-upward spiral. In last year's surprisingly successful "Ace Ventura: Pet Detective," he proved himself an agile, physically broad and unpredictably hilarious comic, with hints of Jerry Lewis and Robin Williams. With that one movie, Carrey became a bankable star with a large audience, mostly teenagers. He calls his style "Fred Astaire on acid."

He may have arrived at major stardom all of a sudden, but it took him a decade to get there. The Canadian-born star had developed a reputation on the Los Angeles comedy club circuit for his impersonations and manic humor. More recently, his reputation grew on television in the three years that he played, as he put it, "the token white guy, in 'In Living Color,'" the often wickedly funny Fox television show with a mostly black cast.

As blunt and shrewd about himself as he is funny, Carrey tried to describe his comic sensibility. "There's an edge, a danger to what I do," he said in an interview. "And an anger. When I play, nice guys, put their foot down. People are attracted to that."

In "The Mask," which received mixed reviews, Carrey plays Stanley Ipkiss, a Walter Mitty type who's treated terribly by bosses, women, even his dog. He accidentally finds an ancient mask that transforms him into a crime fighter who's irresistibly charming, suave and nutty. And it's accomplished with some dazzling special effects.

Carrey said too many gifted comedians he knows seem intimidated by movie cameras. "I've never had any trouble being in front of a camera," he said. Recently, the camera has been rolling a lot for Carrey, whose exploding salary has stirred astonishment, even here. He received \$350,000 for "Ace Ventura" and an additional \$100,000 for "The Mask." But for his next comedy, "Dumb and Dumber" ("It's about two guys. Guess which part I play."), he will receive \$7 million. And he has at least three other movies lined up after that.

Seated in a suite on the top floor of a hotel near Beverly Hills, the 32-year-old performer said that he was trying to keep some control over his life, but that it was hard. Though many of his fantasies about fame and money have come true, success has come at its own price.

"For years I used to drive up to Mulholland Drive



Jim Carrey, as Stanley Ipkiss, catches a glimpse of a sexy lounge singer in "The Mask."

every night and look at the city and sit and imagine myself with all this money and being sought after," he said. "It's not the money or the houses. That's really not it. What success means is being at the top of my game. That's what I want. What I'm still looking for."

Success has meant buying a home in the Brentwood section of Los Angeles, now famous as the neighborhood of the killings in the O. J. Simpson case.

But he is also in the midst of a divorce from his wife, Melissa Warner, an actress. They have a 6-year-old daughter who lives with him part of the time. "It's so cliché," he said of the split-up. "But there have got to be reasons for clichés."

"Look, I'm a hard guy to live with," he said. "I'm like a caged animal. I'm up all night walking around the living room. It's hard for me to come down from what I do. It's like being an astronaut. You're on the moon all day and then at night you go home and have to take the garbage out."

Though his adolescent years in hard-core neighborhoods in the Toronto area weren't exactly the stuff of comedy, Carrey is hilariously, and often unprintably, candid in talking about them. His father, Percy, was a professional musician who sold his saxophone to pay his wife's hospital bills. He wound

up as an accountant and janitor. For a while, the family lived in a Volkswagen camper and a tent. From the third grade on, he started making odd faces for hours in front of the mirror, talking to himself, writing poetry and entertaining the family with impressions of neighbors as well as of television stars.

At 15 he was taken by his father to appear at a hip Toronto comedy club called "Yuk, Yuk." "I got booed off the stage," he recalled. "I was dressed in a polyester suit that my mom told me would be a good idea, but it didn't go over so well in the hip underground world. I went back two years later. I messed my hair up. No polyester. It was fine."

At 19 he went to Los Angeles to try the comedy clubs. He lived in cheap motels on Sunset Boulevard. His loopy impressions at Los Angeles clubs soon caught the attention of Sam Kinison and Rodney Dangerfield. He began working on television, had small parts in movies. But performing as a comedian consumed him.

Did he ever believe he'd hit the jackpot so soon? "I don't know," he said, after a pause. "I always believed in miracles. That's why I wrote that check to myself."

PEOPLE

Roseanne Signs Up For Three More Years

Roseanne left Tom Arnold, but she won't be leaving "Roseanne." The TV star, who dropped her last name after dropping her husband, has struck a deal with the producers of the ABC comedy to continue her show for at least three more years. Production began Monday for the coming season, according to a Carvey-Werner Co. spokesman, James Anderson. He refused to discuss contract details but Daily Variety reported she has been making more than \$450,000 an episode.

The sex business entrepreneur Paul Raymond has topped a magazine survey as the richest person in Britain. Business Age magazine said Raymond was worth £1.65 billion (\$2.55 billion). His empire includes sex magazines and clubs. Next in line came the supermarket magnate David Sainsbury (£1.38 billion), the banker Sir Evelyn de Rothschild (£1.35 billion) and the press baron Lord Rothmans (£1.22 billion).

Two of the former members of Led Zeppelin will reunite in a television show. The MTV network announced. The show, to air in October, will bring Robert Plant and Jimmy Page together. They will perform new arrangements of classic Led Zeppelin songs as well as newly written material.

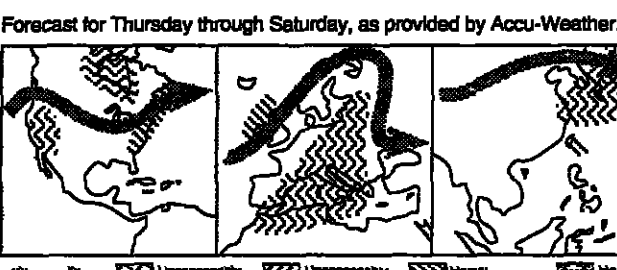
It's a whole new world for Christina Crawford. The adopted daughter of Joan Crawford, who wrote about the physical and emotional abuse the actress inflicted on her in "Mommie Dearest," is the host, chef and parlor maid at her own bed-and-breakfast in Sanders, Idaho. She rents out rooms for \$65 to \$75 a night and told People magazine, "This is a dream come true for me."

INTERNATIONAL CLASSIFIED
Appears on Page 5

WEATHER

Forecast for Thursday through Saturday, as provided by Accu-Weather.

Europe	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Algeria	27/80	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Amsterdam	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Antwerp	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Athens	31/88	23/72	33/81	27/77	31/88	23/72	33/81	27/77	31/88
Berlin	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Brussels	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Budapest	33/91	21/70	35/92	21/70	33/91	21/70	35/92	21/70	33/91
Copenhagen	24/76	15/59	26/77	15/59	24/76	15/59	26/77	15/59	24/76
Dublin	20/68	12/50	22/69	12/50	20/68	12/50	22/69	12/50	20/68
Frankfurt	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Geneva	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Hamburg	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
London	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Madrid	31/88	23/72	33/81	27/77	31/88	23/72	33/81	27/77	31/88
Moscow	24/76	15/59	26/77	15/59	24/76	15/59	26/77	15/59	24/76
Munich	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Nice	29/84	19/68	31/89	23/77	29/84	19/68	31/89	23/77	29/84
Oslo	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Paris	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Prague	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Rome	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89
Stockholm	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Strasbourg	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Tallinn	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Venice	31/88	23/72	33/81	27/77	31/88	23/72	33/81	27/77	31/88
Warsaw	24/76	15/59	26/77	15/59	24/76	15/59	26/77	15/59	24/76
Zurich	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62



North America
Heavy thunderstorms will tumble across the area from Washington, D.C., to Boston Thursday and Friday. Dry and cool weather will move in over the weekend. The Midwest will have sunny and pleasant weather Friday and Saturday. The scorching heat wave will continue over the Rockies.

Middle East	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Baku	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Cairo	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89
Damascus	31/88	23/72	33/81	27/77	31/88	23/72	33/81	27/77	31/88
Jerusalem	24/76	15/59	26/77	15/59	24/76	15/59	26/77	15/59	24/76
Luxor	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89
Riyadh	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89

Asia	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Bangkok	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89
Beijing	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Hong Kong	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
New Delhi	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89
Shanghai	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62
Singapore	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89
Tokyo	22/71	18/64	20/62	20/68	18/64	20/62	20/68	18/64	20/62

Asia
Abnormal heat and drought will persist in Japan through Saturday. Tokyo and Nagasaki will continue to be unusually hot. A tropical storm may bring locally heavy rains to Taiwan by Thursday. Very warm weather with a few hit-or-miss thunderstorms will be the rule from Beijing to Seoul.

North America	Today	High	Low	Tomorrow	High	Low	Day After	High	Low
Alaska	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89
Alaska	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89
Alaska	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89
Alaska	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89
Alaska	32/89	21/70	34/90	21/70	32/89	21/70	34/90	21/70	32/89

CROSSWORD

ACROSS

- 1 By the side
- 8 In the back
- 10 Hoarded
- 14 1936 Leslie Howard role
- 15 Nose (out)
- 16 Address
- 17 Foes at
- 18 Gaugamela
- 20 Mythological lineup
- 21 Whomps
- 22 Claire
- 23 Loyal
- 24 Foes at the falls of Reichenbach
- 31 Toppie
- 32 Lettuce
- 33 Card
- 35 June honoree, for short
- 36 Taxable income
- 38 Philippine island
- 39 Plainville
- 40 Out of business
- 41 Camera carriage
- 42 Foes at Troy
- 43 Fix, artifice

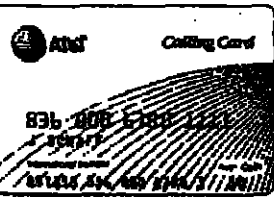
DOWN

- 1 Not give
- 2 "Garm"
- 3 Yankies' role
- 4 Sign from on high
- 4 Barber's call
- 5 Green light
- 6 Pilot's vision problem
- 7 Nirvana
- 8 Cabinet dept.
- 9 Group based in Geneva
- 10 First name in the N.B.A.
- 11 Literary pseudonym
- 12 Jack Homer's surprise
- 13 Bar—(news agency)
- 14 Cross
- 15 As (generally)
- 22 "Take—"
- 24 Tenard's kin
- 25 Rival of Sally
- 26 "The Cretaceous and the Heavens" author
- 27 N.Y.C. subway line
- 28 Busby
- 29 Reb general
- 30 Dear pet
- 31 Follows
- 32 Colonial African land
- 33 Prefix with Disney
- 34 Mil. rank
- 40 Can't's "Canyon"
- 41 Bishop's ballroom
- 42 Oregon's lake
- 44 Narrow opening
- 45 "Hey you!" sound

Solution to Puzzle of August 2

YANG CAPE CHASM
AMOR ADUE WADTO
ROTI LIRA ANZAC
DIALMFORMURDER
LAIS BOY
BEDBON AWM MATE
OLA AIBLE ENOS
MINDONESAPANDOS
BAKE MOVET RUE
ESEL ZIP DOMEES
TAYO MULE
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ASIA					
Australia	1-800-881-0111	Italy	172-1011	Brazil	000-8011
China, PRC***	10811	Liechtenstein*	125-00-11	Chile	00-0-0311
Guam	018-8772	Lithuania*	8-1296	Colombia	980-11-0011
Hong Kong	800-1111	Luxembourg	0-800-0111	Costa Rica**	11
India*	090-117	Macedonia, F.Y.R. of	99-800-4288	Ecuador*	11
Indonesia*	001-801-10	Malta*	0800-890-110	El Salvador**	19
Japan*	0039-111	Mexico**	19-0011	Guatemala*	19
Korea	009-11	Netherlands*	06-022-9111	Guyana***	16
Malaysia*	800-011	Norway	800-190-11	Honduras**	12
New Zealand	000-911	Poland**	0-010-480-0111	Mexico***	95-800-462-43
Philippines*	105-11	Portugal*	05017-1-288	Nicaragua (Managua)	17
Singapore	800-011-1111	Romania	01-800-4288	Panama	10
Sri Lanka	430-430	Russia** (Moscow)	155-5042	Paraguay	00-011
Taiwan*	0080-10288-0	Slovakia*	00-420-0010	Suriname	15
Thailand*	019-991-1111	Spain	900-99-00-11	Uruguay	80-011
EUROPE					
Armenia**	8-14111	Sweden*	020-795-611	Venezuela**	00-011-12
Austria***	022-905-011	Switzerland*	155-00-11	CARIBBEAN	
Belgium*	0800-100-10	U.K.	0500-89-0011	Bahamas	1-800-872-288
Bulgaria	00-1600-0010	Ukraine*	8-100-11	Bermuda*	1-800-872-288
Croatia*	99-38-0011	MIDDLE EAST		British V.I.	1-800-872-288
Czech Rep.	00-420-00101	Belgium	800-001	Cayman Islands	1-800-872-288
Denmark*	8001-0010	Cyprus*	080-500	Grenada*	1-800-872-288
Finland*	9800-100-10	Israel	177-100-2727	Haiti*	001-800-972-288
France	19-0011	Kuwait	800-288	Jamaica*	0-800-872-288
Germany*	0190-0010	Lebanon (Beirut)	426-801	Neth. Antil	1-800-872-288
Greece*	00-800-1311	Qatar	0800-011-77	St. Kitts/Nevis	1-800-872-288
Hungary*	00-800-011111	Saudi Arabia	1-800-10	AFRICA	
Iceland**	999-001	Turkey*	00-800-12277	Egypt* (Cairo)	510-0200
Ireland	1-800-330-000	U.A.E.*	800-121	Gabon*	00-0-09
		AMERICAS		Gambia*	0011
		Argentina*	001-800-200-1111	Kenya*	0800-10
		Belize*	595	Liberia	797-79
		Bolivia*	0-800-1112	South Africa	0-800-99-012